

City of Rockville, Maryland

Proposed General Obligation Bonds, Series 2011B

and General Obligation Taxable Refunding Bonds, Series 2011C



June 29, 2011

The PFM Group

comprised of:

Public Financial Management, Inc.

PFM Asset Management LLC

PFM Advisors

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June 29, 2011

Mr. Gavin Cohen, Finance Director
City of Rockville
City Hall
111 Maryland Avenue
Rockville, MD 20850

Dear Mr. Cohen:

Public Financial Management Inc. (PFM) is pleased to submit preliminary sizings, an estimated time schedule and our credentials to the City of Rockville, Maryland (the "City") to continue to serve as its Financial Advisor.

We have prepared for your review preliminary amortization schedules for the City's upcoming general obligation bond transaction with 20 year schedules, and a preliminary time schedule which targets a competitive bond sale in July or August of 2011. This schedule includes the Resolution of Intent that was adopted by the Council in March 2011, Ordinance received and Council action in July 2011, with bond proceeds available by August/September 2011.

As an appendix to this proposal we have included a detailed description of our scope of services for both competitive and negotiated transactions, and resumes for the PFM team.

We hope our past performance, comprehensive scope of services and the depth of expertise presented in this proposal will encourage the City to continue its partnership with PFM as its Financial Advisor.

Please let us know if you have any questions or would like additional clarification.

Sincerely,

Public Financial Management

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Proposed Time Schedule



Preliminary Time Schedule

A detailed schedule of events is based on the timing of a competitive bond sale for both the new money and refunding bonds. Because the timing of the bond sale is predicated upon an agreement between the City and Federal Realty Investment Trust (FRIT), a detailed schedule of events has not been prepared at this time. The City will have a period of 90 days from the date a commitment is made with FRIT to establish an escrow account to defease the tax-exempt portion of debt associated with the Town Center parking garage. Therefore, it is currently anticipated that a competitive bond sale will occur in July or August of 2011.

The schedule of events for these bond issues includes:

1. Resolution of Intent passed in March 28, 2011;
2. Ordinance received on July 11, 2011;
3. Council action on the Ordinance on July 18, 2011; and
4. Bond proceeds available by August/September 2011.

PFM will begin preparations on a preliminary official statement which will include both bond offerings so that when the agreement is reached with FRIT the City will be prepared to obtain ratings from Moody's and Standard & Poor's and enter the market for competitive sales shortly thereafter.

Preliminary Schedules



New Issue (2011B)

In order for bonds to be qualified tax-exempt obligations (“BQ”) the bonds must be (i) issued by a “qualified small issuer”, (ii) issued for public purposes, and (iii) designated as qualified tax-exempt obligations. A “qualified small issuer” is an issuer that issues no more than \$10 million of tax-exempt bonds during the calendar year.

Tax Counsel has confirmed that the City’s \$3,040,000 General Obligation Refunding Bonds, Series 2011 issued January 5, 2011 (the “2011 Refunding Issue”) do not count against the \$10 million BQ limitation available to the City for new tax-exempt debt issued during calendar year 2011. This is due to the fact that the bonds that were refunded, \$6,100,000 General Obligation Bonds, Series 2001, were designated as bank-qualified tax-exempt obligations. The 2011 Refunding Issue were current refunding bonds, did not have a maturity beyond thirty years, and did not extend the weighted average maturity of the remainder of the 2001 bonds. Therefore, the 2011 Refunding Issue was “deemed designated” as BQ and do not count towards the City’s BQ threshold for the 2011 year.

The proposed new money issue will be financing \$9.84 million of public improvement projects, it will be eligible to be designated as BQ which should reduce the net interest cost of this financing due to the more favorable tax status. Since Tax Counsel has reviewed and confirmed the 2011 tax-exempt refunding bonds do not count toward the BQ threshold for 2011, the entire \$10 million is available for this issue.

Preliminary schedules for the upcoming General Obligation Bonds of 2011 (the “New Issue”) have been provided on the following pages. The assumptions utilized in the preliminary schedules are as follows:

1. Competitive bond sale in July or August 2011;
2. Dated Date as of Delivery, currently estimated to be August 1, 2011;
3. Interest payments to begin on December 1, 2011;
4. Principal repayments to begin on June 1, 2013;
5. Proceeds to provide \$3,083,000 for water main rehabilitation projects have been gross funded and amortized over 20 years;
6. Proceeds to provide \$5,253,000 for Blue Plains Wastewater Treatment improvements have been gross funded and amortized over 20 years;
7. Proceeds to provide \$1,504,000 for sewer rehabilitation projects have been gross funded and amortized over 20 years;
8. Payments have been structured to effect a level principal structure per project;
9. No capitalized interest;



-
10. Current market rates as of June 1, 2011 plus 10 basis points, reflecting recent triple "A" bond sales;
 11. Cost of issuance estimate;
 12. Minimum bid of Par for the competitive sale; and
 13. Underwriter compensation estimate of 1.0%.

Please note that the preliminary par amount of the bonds is less than the required project costs. This is due to the fact that the minimum bid requirement would be a bid of no less than par, and the estimated net premium reduces the issue size. We would propose to allow for adjustment of the par amount after receipt of bids, as we have done on prior bond issues. This adjustment would ensure that the City does not issue bonds in excess of the project needs. It does not cost the City to allow for this adjustment, and it is a common feature for competitively issued bonds.

We would suggest that the City include a call option for the New Issue, as we are still seeing value in having a call provision for 20 year bonds. Ultimately, the main purpose of a call feature is to provide flexibility to the City. Because all of the projects are amortized over 20 years the City may want to: 1) pay the bonds off early, 2) restructure this issue in the future, or 3) take advantage of a refunding opportunity in the future for debt service savings. Because the City's bonds will be offered at a price of not less than par, a premium bond structure will be in place for this issue. If there is a high coupon structure for the later maturities, there is the likelihood that this issue would be a good refunding candidate in the future. Without a call feature the City would not have the opportunity to take advantage of any potential debt service savings in the future.

SOURCES AND USES OF FUNDS

Mayor and Council, City of Rockville, Maryland
 General Obligation Bonds, Series 2011B
 Based on current market rates for 'Aaa/AAA' rated bonds plus 10 bpts
 Preliminary Schedules - June 1, 2011

Dated Date 08/01/2011
 Delivery Date 08/01/2011

Sources:	Water (20 YR)	Sewer (20 YR)	Total
Bond Proceeds:			
Par Amount	3,050,000.00	6,680,000.00	9,730,000.00
Net Premium	88,500.10	191,872.85	280,372.95
	<u>3,138,500.10</u>	<u>6,871,872.85</u>	<u>10,010,372.95</u>
Uses:			
	Water (20 YR)	Sewer (20 YR)	Total
Project Fund Deposits:			
Water Main Rehabilitation	3,083,000.00		3,083,000.00
Sewer Rehabilitation		1,504,000.00	1,504,000.00
Blue Plains Wastewater Treatment		5,253,000.00	5,253,000.00
	<u>3,083,000.00</u>	<u>6,757,000.00</u>	<u>9,840,000.00</u>
Delivery Date Expenses:			
Cost of Issuance	21,942.45	48,057.55	70,000.00
Underwriter's Discount	30,500.00	66,800.00	97,300.00
	<u>52,442.45</u>	<u>114,857.55</u>	<u>167,300.00</u>
Other Uses of Funds:			
Contingency	3,057.65	15.30	3,072.95
	<u>3,138,500.10</u>	<u>6,871,872.85</u>	<u>10,010,372.95</u>

BOND DEBT SERVICE

Mayor and Council, City of Rockville, Maryland
 General Obligation Bonds, Series 2011B
 Based on current market rates for 'Aaa/AAA' rated bonds plus 10 bpts
 Preliminary Schedules - June 1, 2011

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2011			108,545.83	108,545.83	
06/01/2012			162,818.75	162,818.75	271,364.58
12/01/2012			162,818.75	162,818.75	
06/01/2013	490,000	2.250%	162,818.75	652,818.75	815,637.50
12/01/2013			157,306.25	157,306.25	
06/01/2014	490,000	2.000%	157,306.25	647,306.25	804,612.50
12/01/2014			152,406.25	152,406.25	
06/01/2015	490,000	2.500%	152,406.25	642,406.25	794,812.50
12/01/2015			146,281.25	146,281.25	
06/01/2016	490,000	2.500%	146,281.25	636,281.25	782,562.50
12/01/2016			140,156.25	140,156.25	
06/01/2017	490,000	3.000%	140,156.25	630,156.25	770,312.50
12/01/2017			132,806.25	132,806.25	
06/01/2018	490,000	3.000%	132,806.25	622,806.25	755,612.50
12/01/2018			125,456.25	125,456.25	
06/01/2019	485,000	3.250%	125,456.25	610,456.25	735,912.50
12/01/2019			117,575.00	117,575.00	
06/01/2020	490,000	3.500%	117,575.00	607,575.00	725,150.00
12/01/2020			109,000.00	109,000.00	
06/01/2021	490,000	3.500%	109,000.00	599,000.00	708,000.00
12/01/2021			100,425.00	100,425.00	
06/01/2022	490,000	3.500%	100,425.00	590,425.00	690,850.00
12/01/2022			91,850.00	91,850.00	
06/01/2023	485,000	3.500%	91,850.00	576,850.00	668,700.00
12/01/2023			83,362.50	83,362.50	
06/01/2024	485,000	3.500%	83,362.50	568,362.50	651,725.00
12/01/2024			74,875.00	74,875.00	
06/01/2025	485,000	3.500%	74,875.00	559,875.00	634,750.00
12/01/2025			66,387.50	66,387.50	
06/01/2026	485,000	3.500%	66,387.50	551,387.50	617,775.00
12/01/2026			57,900.00	57,900.00	
06/01/2027	485,000	4.000%	57,900.00	542,900.00	600,800.00
12/01/2027			48,200.00	48,200.00	
06/01/2028	485,000	4.000%	48,200.00	533,200.00	581,400.00
12/01/2028			38,500.00	38,500.00	
06/01/2029	485,000	4.000%	38,500.00	523,500.00	562,000.00
12/01/2029			28,800.00	28,800.00	
06/01/2030	480,000	4.000%	28,800.00	508,800.00	537,600.00
12/01/2030			19,200.00	19,200.00	
06/01/2031	480,000	4.000%	19,200.00	499,200.00	518,400.00
12/01/2031			9,600.00	9,600.00	
06/01/2032	480,000	4.000%	9,600.00	489,600.00	499,200.00
	9,730,000		3,997,177.08	13,727,177.08	13,727,177.08

DETAILED BOND DEBT SERVICE

Mayor and Council, City of Rockville, Maryland
 \$3.083M Water Projects (Water Main Rehabilitation)
 Based on current market rates for 'Aaa/AAA' rated bonds plus 10 bpts
 Preliminary Schedules - June 1, 2011

Serial Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2011			33,983.33	33,983.33	
06/01/2012			50,975.00	50,975.00	84,958.33
12/01/2012			50,975.00	50,975.00	
06/01/2013	155,000	2.250%	50,975.00	205,975.00	256,950.00
12/01/2013			49,231.25	49,231.25	
06/01/2014	155,000	2.000%	49,231.25	204,231.25	253,462.50
12/01/2014			47,681.25	47,681.25	
06/01/2015	155,000	2.500%	47,681.25	202,681.25	250,362.50
12/01/2015			45,743.75	45,743.75	
06/01/2016	155,000	2.500%	45,743.75	200,743.75	246,487.50
12/01/2016			43,806.25	43,806.25	
06/01/2017	155,000	3.000%	43,806.25	198,806.25	242,612.50
12/01/2017			41,481.25	41,481.25	
06/01/2018	155,000	3.000%	41,481.25	196,481.25	237,962.50
12/01/2018			39,156.25	39,156.25	
06/01/2019	155,000	3.250%	39,156.25	194,156.25	233,312.50
12/01/2019			36,637.50	36,637.50	
06/01/2020	155,000	3.500%	36,637.50	191,637.50	228,275.00
12/01/2020			33,925.00	33,925.00	
06/01/2021	155,000	3.500%	33,925.00	188,925.00	222,850.00
12/01/2021			31,212.50	31,212.50	
06/01/2022	155,000	3.500%	31,212.50	186,212.50	217,425.00
12/01/2022			28,500.00	28,500.00	
06/01/2023	150,000	3.500%	28,500.00	178,500.00	207,000.00
12/01/2023			25,875.00	25,875.00	
06/01/2024	150,000	3.500%	25,875.00	175,875.00	201,750.00
12/01/2024			23,250.00	23,250.00	
06/01/2025	150,000	3.500%	23,250.00	173,250.00	196,500.00
12/01/2025			20,625.00	20,625.00	
06/01/2026	150,000	3.500%	20,625.00	170,625.00	191,250.00
12/01/2026			18,000.00	18,000.00	
06/01/2027	150,000	4.000%	18,000.00	168,000.00	186,000.00
12/01/2027			15,000.00	15,000.00	
06/01/2028	150,000	4.000%	15,000.00	165,000.00	180,000.00
12/01/2028			12,000.00	12,000.00	
06/01/2029	150,000	4.000%	12,000.00	162,000.00	174,000.00
12/01/2029			9,000.00	9,000.00	
06/01/2030	150,000	4.000%	9,000.00	159,000.00	168,000.00
12/01/2030			6,000.00	6,000.00	
06/01/2031	150,000	4.000%	6,000.00	156,000.00	162,000.00
12/01/2031			3,000.00	3,000.00	
06/01/2032	150,000	4.000%	3,000.00	153,000.00	156,000.00
	3,050,000		1,247,158.33	4,297,158.33	4,297,158.33

DETAILED BOND DEBT SERVICE

Mayor and Council, City of Rockville, Maryland
 \$7.757M Sewer Projects (Blue Plains and Rehabilitation)
 Based on current market rates for 'Aaa/AAA' rated bonds plus 10 bpts
 Preliminary Schedules - June 1, 2011

Serial Bonds

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2011			74,562.50	74,562.50	
06/01/2012			111,843.75	111,843.75	186,406.25
12/01/2012			111,843.75	111,843.75	
06/01/2013	335,000	2.250%	111,843.75	446,843.75	558,687.50
12/01/2013			108,075.00	108,075.00	
06/01/2014	335,000	2.000%	108,075.00	443,075.00	551,150.00
12/01/2014			104,725.00	104,725.00	
06/01/2015	335,000	2.500%	104,725.00	439,725.00	544,450.00
12/01/2015			100,537.50	100,537.50	
06/01/2016	335,000	2.500%	100,537.50	435,537.50	536,075.00
12/01/2016			96,350.00	96,350.00	
06/01/2017	335,000	3.000%	96,350.00	431,350.00	527,700.00
12/01/2017			91,325.00	91,325.00	
06/01/2018	335,000	3.000%	91,325.00	426,325.00	517,650.00
12/01/2018			86,300.00	86,300.00	
06/01/2019	330,000	3.250%	86,300.00	416,300.00	502,600.00
12/01/2019			80,937.50	80,937.50	
06/01/2020	335,000	3.500%	80,937.50	415,937.50	496,875.00
12/01/2020			75,075.00	75,075.00	
06/01/2021	335,000	3.500%	75,075.00	410,075.00	485,150.00
12/01/2021			69,212.50	69,212.50	
06/01/2022	335,000	3.500%	69,212.50	404,212.50	473,425.00
12/01/2022			63,350.00	63,350.00	
06/01/2023	335,000	3.500%	63,350.00	398,350.00	461,700.00
12/01/2023			57,487.50	57,487.50	
06/01/2024	335,000	3.500%	57,487.50	392,487.50	449,975.00
12/01/2024			51,625.00	51,625.00	
06/01/2025	335,000	3.500%	51,625.00	386,625.00	438,250.00
12/01/2025			45,762.50	45,762.50	
06/01/2026	335,000	3.500%	45,762.50	380,762.50	426,525.00
12/01/2026			39,900.00	39,900.00	
06/01/2027	335,000	4.000%	39,900.00	374,900.00	414,800.00
12/01/2027			33,200.00	33,200.00	
06/01/2028	335,000	4.000%	33,200.00	368,200.00	401,400.00
12/01/2028			26,500.00	26,500.00	
06/01/2029	335,000	4.000%	26,500.00	361,500.00	388,000.00
12/01/2029			19,800.00	19,800.00	
06/01/2030	330,000	4.000%	19,800.00	349,800.00	369,600.00
12/01/2030			13,200.00	13,200.00	
06/01/2031	330,000	4.000%	13,200.00	343,200.00	356,400.00
12/01/2031			6,600.00	6,600.00	
06/01/2032	330,000	4.000%	6,600.00	336,600.00	343,200.00
	6,680,000		2,750,018.75	9,430,018.75	9,430,018.75



Taxable Refunding Bonds (2011C)

In addition to the New Issue, the City will be issuing General Obligation Taxable Refunding Bonds of 2011 (the "Taxable Refunding Bonds") to defease the portion of the outstanding tax-exempt bonds that originally financed the Town Center parking garages. The City, PFM and Tax Counsel have determined that \$5 million of the proceeds of the \$19,315,000 General Obligation Bonds of 2004, and \$29.657 million of the proceeds of the \$56,735,000 General Obligation Bonds of 2005 were used to finance the City's share of expenditures related to the Town Center parking garages.

To retain the tax-exempt status on the 2004 and 2005 issues, those portions of bond proceeds which were used to finance the Town Center parking garage must be defeased in an escrow fund within 90 days from the date a commitment is executed with FRIT for operation of the parking garage. The proposed refunding bonds will be taxable, because the use of proceeds will exceed the allowable 5% private use component as specified in the Tax Reform Act of 1986. The Taxable Refunding Bonds will be advance refunding bonds as the bonds would be issued more than 90 days in advance of the respective call dates of the 2004 and 2005 issues.

The 2004 Bonds have a principal payment date of March 15th and the 2005 Bonds have June 1st principal payment dates. To comply with the City's preference for debt issued after 2005, the Taxable Refunding Bonds will have June 1st payment dates.

Since the sale date will be set after the execution of an agreement between the City and FRIT, the closing will occur approximately three to four weeks after the sale date. The preliminary schedules currently estimate the closing date as August 1, 2011.

Analysis was conducted regarding structuring options for the Taxable Refunding Bonds to compare the difference in debt service between the current outstanding tax-exempt portions of debt compared to: (1) similarly structured, level debt service of taxable refunding bonds with maturities through June 1, 2036; (2) level principal for taxable refunding bonds with maturities through June 1, 2032; or (3) level principal for taxable refunding bonds with maturities through June 1, 2036. Information is attached regarding an earlier analysis of these options.

Currently, the proposed structuring considerations for the Taxable Refunding Bonds are as follows:

1. Competitive bond sale in July or August 2011;
2. Dated Date as of Delivery, currently estimated to be August 1, 2011;
3. Interest payments to begin on June 1, 2012;
4. Principal repayments to begin on June 1, 2013;



5. Proceeds to provide \$27,485,000 to defease the portions of the 2004 and 2005 bonds as determined by PFM and Tax Counsel;
6. Debt service structured to effect a level principal repayment structure through 2031;
7. No capitalized interest;
8. Current market rates as of June 1, 2011 plus 10 basis points, reflecting recent triple "A" taxable bond sales;
9. Cost of issuance estimate;
10. Minimum bid of Par for the competitive sale; and
11. Underwriter compensation estimate of 1.5%.

Similar to the New Issue, please note that the preliminary par amount of the Taxable Refunding Bonds is less than the required escrow cost. Again, this is due to the fact that the minimum bid requirement would be a bid of no less than par, and the estimated net premium reduces the issue size. We would propose to allow for adjustment of the par amount after receipt of bids, as we have done on prior bond issues. This adjustment would ensure that the City does not issue bonds in excess of the escrow cost. It does not cost the City to allow for this adjustment, and it is a common feature for competitively issued refunding bonds.

Also similar to the New Issue, we would suggest that the City include a call option for the Taxable Refunding Bonds. However, under certain market conditions, a make-whole call provision provides better pricing from underwriters for a taxable issue. As the timing for the bond sale becomes more certain, we will assess the current market conditions and conduct further analysis to determine if it would be more advantageous for the City to utilize a make-whole call structure as opposed to a par call structure, which is standard for tax-exempt bonds.

City of Rockville, Maryland
Defeasance of tax-exempt debt related to the parking garages in Town Center
Summary of Tax-Exempt Issues Involved - based on tax counsel analysis of bonds to refund
Analysis as of June 3, 2011

Fiscal Year Ending June 30	2005 Bonds	2004 Bonds	Combined 2004 & 2005 Debt Service	Yes	Scenario One - Level Debt Service to 2036			Scenario Two - Level Principal to 2031			Scenario Two - Level Principal to 2036				
	2005 Bond Debt Service	2004 Bond Debt Service		Unrefunded Portions of 2004 & 2005 Bonds	2011 Taxable Bonds with Level DS	Total Debt to be supported by Parking Rev	Amount Over (Under) Existing Debt Service	2011 Taxable Bonds, Lvl Prin Final Mat 2031	Total Debt to be supported by Parking Rev	Amount Over (Under) Existing Debt Service	2011 Taxable Bonds, Lvl Prin Final Mat 2036	Total Debt to be supported by Parking Rev	Amount Over (Under) Existing Debt Service		
2012	1,782,659	338,403	\$ 2,121,061	\$ 943,900	\$ 1,414,031	\$ 2,357,931	\$ 236,870	\$ 1,332,781	\$ 2,276,681	\$ 155,620	\$ 1,381,563	\$ 2,325,463	\$ 204,401		
2013	1,776,309	342,403	2,118,711	941,550	1,696,838	2,638,388	519,676	1,599,338	2,540,888	422,176	1,657,875	2,599,425	480,714		
2014	1,781,309	341,003	2,122,311	945,150	1,696,838	2,641,988	519,676	1,599,338	2,544,488	422,176	1,657,875	2,603,025	480,714		
2015	1,780,109	339,403	2,119,511	892,350	1,696,838	2,589,188	469,676	1,599,338	2,491,688	372,176	1,657,875	2,550,225	430,714		
2016	1,781,309	342,390	2,123,699	768,600	1,696,838	2,465,438	341,739	1,599,338	2,367,938	244,239	1,657,875	2,426,475	302,776		
2017	1,781,346	339,740	2,121,086	768,638	1,696,838	2,465,475	344,389	1,599,338	2,367,975	246,889	1,657,875	2,426,513	305,426		
2018	1,780,109	341,785	2,121,894	62,400	2,686,838	2,749,238	627,344	3,809,338	3,871,738	1,749,844	3,277,875	3,340,275	1,218,381		
2019	1,779,509	343,205	2,122,714	-	2,687,288	2,687,288	564,574	3,709,888	3,709,888	1,587,174	3,204,975	3,204,975	1,082,261		
2020	1,782,709	339,185	2,121,894	-	2,688,125	2,688,125	566,231	3,604,913	3,604,913	1,483,019	3,128,025	3,128,025	1,006,131		
2021	1,779,509	339,735	2,119,244	-	2,688,875	2,688,875	569,631	3,489,413	3,489,413	1,370,169	3,047,025	3,047,025	927,781		
2022	1,780,109	339,560	2,119,669	-	2,686,875	2,686,875	567,206	3,379,163	3,379,163	1,259,494	2,966,025	2,966,025	846,356		
2023	1,779,309	343,750	2,123,059	-	2,687,125	2,687,125	564,066	3,268,913	3,268,913	1,145,854	2,885,025	2,885,025	761,966		
2024	1,777,109	341,500	2,118,609	-	2,689,375	2,689,375	570,766	3,158,663	3,158,663	1,040,054	2,804,025	2,804,025	685,416		
2025	1,782,303	338,750	2,121,053	-	2,688,375	2,688,375	567,323	3,048,413	3,048,413	927,360	2,723,025	2,723,025	601,973		
2026	1,780,640	340,500	2,121,140	-	2,685,663	2,685,663	564,523	2,932,650	2,932,650	811,510	2,637,975	2,637,975	516,835		
2027	1,781,540	341,500	2,123,040	-	2,684,275	2,684,275	561,235	2,816,888	2,816,888	693,848	2,552,925	2,552,925	429,885		
2028	1,780,550	341,750	2,122,300	-	2,688,950	2,688,950	566,650	2,701,125	2,701,125	578,825	2,462,875	2,462,875	340,575		
2029	1,782,100	341,250	2,123,350	-	2,685,125	2,685,125	561,775	2,579,850	2,579,850	456,500	2,374,050	2,374,050	250,700		
2030	2,121,525	-	2,121,525	-	2,686,625	2,686,625	565,100	2,458,575	2,458,575	337,050	2,285,225	2,285,225	163,700		
2031	2,119,375	-	2,119,375	-	2,687,900	2,687,900	568,525	2,337,300	2,337,300	217,925	2,196,400	2,196,400	77,025		
2032	2,119,463	-	2,119,463	-	2,689,200	2,689,200	569,738	-	-	(2,119,463)	2,099,500	2,099,500	(19,963)		
2033	2,121,575	-	2,121,575	-	2,688,600	2,688,600	567,025	-	-	(2,121,575)	2,002,600	2,002,600	(118,975)		
2034	2,120,500	-	2,120,500	-	2,685,800	2,685,800	565,300	-	-	(2,120,500)	1,905,700	1,905,700	(214,800)		
2035	2,118,906	-	2,118,906	-	2,685,500	2,685,500	566,594	-	-	(2,118,906)	1,808,800	1,808,800	(310,106)		
2036	2,118,813	-	2,118,813	-	2,687,100	2,687,100	568,288	-	-	(2,118,813)	1,711,900	1,711,900	(406,913)		
Total	\$ 46,888,690	\$ 6,135,810	\$ 53,024,500	\$ 5,322,588	\$ 60,955,831	\$ 66,278,419	\$ 13,253,919	\$ 52,624,556	\$ 57,947,144	\$ 4,922,644	\$ 57,744,888	\$ 63,067,475	\$ 10,042,975		
					\$27,485,000 Amt to Defeasance, Deferred				\$27,485,000 Amt to Defeasance, Deferred				\$27,485,000 Amt to Defeasance, Deferred		

Fee Proposal



Fee Schedule

The City has an outstanding contract with PFM. We would propose to utilize the same fee schedule in the contract. For example, if the City were to issue general obligation bonds of \$9.730 million, the fee would be \$21,000 plus out-of-pocket expenses. For the general obligation taxable refunding bonds of \$30.575 million, the fee would be \$41,575 plus out-of-pocket expenses.

We are quite flexible as to the structure of the fees, and are willing to work with the City to reach an overall compensation structure that is fair and reasonable to all concerned.

Arbitrage Rebate

PFM has been providing arbitrage rebate compliance services since 1989. Over the past 21 years, we have assisted hundreds of issuers and borrowers, including authorities, cities, counties, health care and higher education systems, school districts, states, and 501 c(3) organizations, in complying with the complicated and onerous post-issuance compliance requirements commonly referred to as the “Arbitrage Rebate Regulations.”

PFM’s Arbitrage Group efficiently completes a significant volume of calculations each year. PFM arbitrage rebate specialists annually prepare in excess of 3,000 calculations, including arbitrage rebate, yield restriction compliance, and spending exception compliance calculations for the 350+ clients that have engaged our services through a separate contractual arrangement, and for the hundreds of participants with bond proceeds invested in the thirteen local government investment pool programs that we support.

Katia M. Frock, Senior Managing Consultant
PFM Asset Management LLC
One Keystone Plaza, Suite 300
N. Front & Market Streets
Harrisburg, PA 17101
(717) 232-2723
(717) 232-5138 fax
Email: frockk@pfm.com

PFM provides its clients with complete, detailed arbitrage rebate reports for each separate bond issue being tracked. PFM’s reports are frequently distributed to trustees, auditors, bond or tax counsel, or other third parties and may be relied upon to determine if an issuer is required to remit any payments to the IRS.

In the event that an arbitrage rebate payment is due, PFM finalizes calculations, completes the required payment forms on behalf of the issuer, and provides remittance assistance to ensure that all payments are received by the IRS on-time. Each of the professionals in PFM’s Arbitrage Group who complete calculations is registered with the IRS and has a PTIN (Preparer Tax Identification Number).

PFM offers a dedicated team of professionals to assist the City with its needs related to Arbitrage Rebate calculations and preparation of reports, separate from the proposed fee listed above for financial advisory services.

Scope of Services and Finance Team



Firm Overview

Public Financial Management, Inc. was founded in 1975 with a staff of five. Today the PFM Group, comprised of Public Financial Management, Inc., PFM Asset Management LLC, and PFM Advisors, (referred to collectively as “PFM”) is the nation’s leading provider of independent financial and investment advisory services to public and non-profit entities, with a staff of over 400 professionals located in 31 offices throughout the United States.

PFM provides the broadest scope of services in the industry, seamlessly integrated by our project teams. This fact, coupled with our proven track record and comprehensive approach to finance makes PFM the leader in providing sound, independent financial and investment advisory services to local and state governments and related entities.

PFM has five primary business activities:

- **Financial Advising**
- **Investment Management**
- **Investment Consulting**
- **Strategic Consulting**
- **Structured Products**

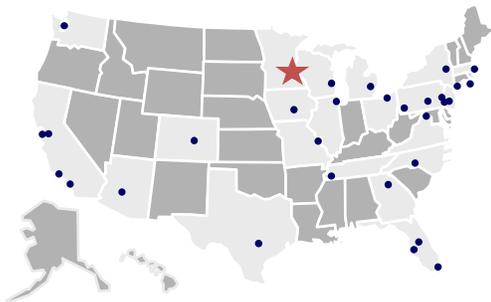
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We serve only **one** interest: that of our clients and no one else. This fact-coupled with our proven track record and comprehensive approach to finance makes PFM a leader in providing sound, independent financial and investment advisory services to local and state governments as well as institutional borrowers and investors.

Both Public Financial Management, Inc. and PFM Asset Management LLC (referred to collectively as “PFM”) are owned and managed by 64 managing directors who, as a group, set overall strategic direction. Individual managing directors are responsible for specific practice areas, such as investment management, or regional practices and also manage specific engagements.

Financial Advisor. 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 unmatched experience and expertise that helps clients resolve the myriad of technical and financial concerns they routinely confront during the capital formation process. Our national reputation and consistent growth, from \$5 billion in managed debt transactions in 1986 to \$57.5 billion in 2010, reflect our clients’ recognition of our capabilities and the value we add.

Investment Manager. PFM Asset Management LLC is devoted exclusively to providing investment advice and portfolio management for not-for-profit organizations, corporations, pension funds and other institutions. As an investment manager, PFM brings a comprehensive spectrum of services to



- | | |
|-------------|---------------|
| Albany | Miami |
| Ann Arbor | Milwaukee |
| Arlington | Minneapolis |
| Atlanta | Newport Beach |
| Austin | New York |
| Boston | Oakland |
| Charlotte | Orlando |
| Chicago | Philadelphia |
| Cleveland | Phoenix |
| Denver | Pittsburgh |
| Des Moines | Princeton |
| Harrisburg | San Francisco |
| Long Island | Seattle |
| Los Angeles | St. Louis |
| Malvern | Tampa |
| Memphis | |



the business of money management. PFM manages both investment pools and individual client portfolios designed to earn competitive yields, while maximizing safety and liquidity. 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 today.

Investment Consultant. PFM Advisors is a specialized component that provides investment consulting services to pension funds, Taft-Hartley funds, corporate funds, hospital, foundation and endowment funds.. PFM Advisors believes that a true partnership with our clients can only be achieved by fully understanding the unique characteristics of their fund. Structuring simple, reliable, and fundamentally sound asset management strategies results in predictable investment returns and few surprises.

Strategic Consultant. As a strategic consultant, PFM brings 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. Since 1993, PFM has helped clients eliminate billions of dollars of projected budget deficits without increasing taxes or reducing services.

Structured Products. PFM has a group of professionals dedicated to advising clients on the use of cutting-edge structured financial products. The Structured Products Group assists municipal issuers 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 issuers in structuring and procurement of forward delivery agreements, guaranteed investment contracts, flexible repurchase agreements and asset swaps. The Structured Products Group is responsible for structuring and restructuring advance refunding escrow portfolios for PFM's clients.

Industry Expertise

Many of PFM's professionals, while expert in general public finance, have expertise in specific governmental businesses. Various PFM staff members are experts in managing and financing facilities for: airports, electric power plants, water and wastewater systems, toll roads, solid waste disposal systems, health care and higher education facilities, economic development projects, stadium facilities and/or local school facilities, to name a few. Other professionals are experts in managing general municipal or state government.

Over its thirty-six year history, PFM has built a solid presence in the municipal marketplace. Last year, PFM advised on 988 bond transactions nationally with a total volume of over \$57.5 billion, of which 189 transactions were completed in the Midwest with a total volume of over \$3.5 billion.

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 decade-long association with many clients as an affirmation of our ability to service their needs thoughtfully and efficiently. We are committed to developing long-term relationships with

2010 Year End Midwest Long-Term Municipal New Issues

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

	# transactions	dollars in millions
PFM	189	3,533.4
Springsted Incorporated	224	2,581.1
Public Resources Advisory Group	5	1,772.8
Columbia Capital Management	57	1,014.6
Ehlers & Associates	193	961.2
Piper, Jaffray & Co.	150	842.0
Ponder & Co.	5	459.1
William B. Tschudy	11	384.5
Dougherty & Company LLC	52	345.2
Northland Securities	51	313.9



our clients to ensure their interests are protected and their goals are achieved.

In developing this impressive history of value added service to our clients, PFM purposefully adopted a strategy to garner the largest market share when calculated based on *both the number and size* of transactions managed. We reasoned that managing a large number of transactions would make us an experienced player in the capital markets, thereby allowing us to provide our clients with fresh market information. We know the preferences of the investor community and the financial and credit structures that are currently best accepted. We know which investors are active buyers, the types of securities they currently prefer, and the maximum price they are willing to pay for a given security. Additionally, we know what constitutes reasonable compensation levels for other professional services rendered during the transaction. With this current information, PFM can structure transactions to minimize our clients' cost of borrowing.

The following ranking chart presents various ranking categories for PFM for 2010.

2010 Year End Financial Advisor Results Long-Term Municipal New Issues (Dollars in millions – Source: Securities Data Corporation/The Bond Buyer)

Rank	Category	Par Amount	# of Issues
1	Overall Long-Term	\$ 57,535	988
1	ARRA	21,988	223
1	Competitive	15,150	442
1	Economic Development	298	7
1	Higher Education	5,462	66
1	Midwest	3,533	189
1	Negotiated	42,385	546
1	New Money	39,286	583
1	Public Power	9,466	78
1	Refunding	18,249	405
1	Revenue	42,896	475
1	Tax-Exempt	34,272	707
1	Taxable	23,263	281
1	Transportation	10,518	79
1	Variable Rate	2,157	27
1	Water, Sewer & Gas	5,919	116
2	General Obligation	14,639	513
2	General Purpose	14,293	321

Besides managing a large number of transactions, PFM also serves as financial advisor on many of the largest transactions brought to market each year. These transactions often involve intricate financial plans, the sale of sophisticated securities, high-end quantitative modeling and complicated tax analysis. Our managing such transactions ensures that PFM remains on the cutting edge of the public finance industry. Our clients benefit from our ability



to optimize their transactions using the complete array of structures, securities and techniques available.

Scope of Services

We believe that the role of the financial advisor should be to serve as an extension and enhancement of the City's staff, providing flexible resources for assignment to priority tasks on an as required basis. We would expect you to rely on our quantitative and qualitative advice and resources in the areas of debt management/strategic planning, debt issue development and oversight, arbitrage rebate management and continuing disclosure services as well as refunding feasibility analysis and ongoing efforts to maintain strong relationships with the rating agencies, credit enhancement providers and investors.

Our role as financial advisor will be to assist you with capital planning in such a way as to provide you with funds in a cost effective and efficient manner while maintaining a credit worthy debt structure and debt position. Working with other members of the financing team and City staff, we will formulate the issue structure and the terms under which the bonds are to be offered in the best possible manner, given the current market. PFM will 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.

PFM regularly monitors its clients' outstanding debt for refunding opportunities on an advance, current or even synthetic basis utilizing our proprietary Refunding Screen Model. We do this to provide both debt service savings to clients as well as to provide additional debt capacity.

Services that PFM would expect to provide to City for its financing regardless of sale method include:

- ✓ Coordinate financing team members throughout the entire financing process, pursuant to a financing timetable developed by PFM and approved by City staff. The timetable will clearly identify the responsibilities of each participant in the transaction to facilitate the timely completion of all tasks. The schedule will be designed to permit sufficient time for review of all disclosure materials by City staff prior to final printing and distribution. We will work closely with all external participants (e.g., printers, bond counsel, etc.) to ensure that their tasks are coordinated with the activities of City staff.
- ✓ Maintain a cost of issuance budget for each transaction.
- ✓ Compile and maintain a distribution list of the financing team.
- ✓ Make recommendations with respect to security provisions, maturity schedules, amortization schedules, redemption provisions and credit enhancement features.
- ✓ If requested, provide a written summary of the final bond structure and terms of sale along with justification for future reference.
- ✓ Provide bond counsel with the specifications of the bond issue to assist in the preparation of the required legal documents for official consideration and action.



- ✓ Assist the City in the selection of ancillary service providers, such as bond registrar, paying agent, managing underwriters (negotiated sale), private placement agents, trustee, printers, credit enhancement providers, feasibility consultants, special counsel, and such other professionals as requested by the City.
- ✓ Review the appropriate sale method, including the advantages and disadvantages of a competitive sale versus a negotiated sale or private placement given market conditions, timing concerns, size of the issue, facilities or equipment to be financed, and general security and redemption provisions.
- ✓ Implement a comprehensive credit rating strategy appropriate to the financing. Develop rating agency presentations and participate in those meetings.
- ✓ Participate with City staff and disclosure counsel in the preparation of the Preliminary Official Statement (POS), as well as other financing documents. As part of this responsibility, participate in all document drafting meetings.
- ✓ Apprise City staff about market conditions on a regular basis in preparation for selecting the most favorable time to enter the market.
- ✓ Conduct informational meetings for interested underwriters, institutional investors and other members of the investment community, if appropriate, and provide a pre-sale analysis prior to the sale.
- ✓ After the sale, prepare final transaction schedules including, but not limited to, debt service, pricing summary, proof of arbitrage yield, 8038 statistics, and tax levies when appropriate.
- ✓ Assist the City in developing a strategy for the investment of bond proceeds, if requested.
- ✓ Assist the City and other members of the financing team in the bond closing process, including attending the closing, if appropriate. Review appropriate legal documents for conformity to the terms of the sale, assist the City with the delivery of the proceeds of the bonds, payment of issuance costs, investment of funds, and any other matters related to the closing of the bond issue; compute the bond yield as defined by federal regulations. Prepare a closing memorandum for all parties detailing the transfer of funds on the day of closing.
- ✓ Prepare and deliver a postsale analysis to the City which will document the results of the sale, summarize the essential terms of the offering, identify market conditions at the time of sale, and describe the sales results of other comparable issues in the market. This analysis will be prepared by PFM and reviewed in detail, if requested.
- ✓ Provide ongoing advice throughout the life of the bond issue to discuss general matters related to the financing and answer any questions. This service is provided as part of our initial fee and no supplemental billings occur for this service.
- ✓ Attend staff and City meetings, as requested.

Competitive Sale Method. The following additional tasks are performed for bonds sold through competitive sale:



- ✓ Provide analysis and recommendations with respect to bidding rules appropriate to the size and complexity of the issue within market preferences and constraints. Rules may include the flexibility for the bidders to use serial, term, capital appreciation bonds or derivative products. Use of good faith checks or surety bonds; auction or "all or nothing" bidding restrictions will be reviewed and recommendations made. The bidding rules will be developed to encourage the largest number of bidders and to provide incentives for efficient bids to be structured so that the resulting debt service to be paid by the City will be the lowest possible.
- ✓ Assist in the preparation of a Notice of Sale and Bid Form to be used by the City in advertising the sale and describing the terms thereof and the form and rules by which bids will be taken and evaluated. The Notice of Sale and Bid Form will be distributed along with the POS to prospective bidders. PFM uses a service provided by i-Deal Prospectus to post the POS electronically on our upcoming bond calendar which can be accessed through www.pfm.com and provide a full menu of services which includes posting the client's POS and Notice of Sale on i-Deal's public calendar, e-mailing the Notice of Sale to i-Deal's investor mailing list or a custom PFM-created investor mailing list, and integrating sale data with Thomson Municipal Market Monitor ("TM3")/The Bond Buyer wire.
- ✓ Assist in setting up electronic bidding procedures.
- ✓ During the two weeks preceding the sale, place telephone calls to potential bidders and investors to market the issue and coordinate the creation of bidding syndicates.
- ✓ On the day of sale, receive, tabulate and evaluate bids to determine the most favorable bid and recommend appropriate action for the City.
- ✓ Prepare a summary of all bids received including the name of the bidder, bidder's office location, its syndicate (if any), and each bidder's coupon rates, purchase price, net interest cost in dollars, and true interest rate to be distributed at City meetings along with final debt transaction schedules.
- ✓ Notify bidders and other interested parties of the sale results following bid opening.
- ✓ Prepare and distribute good faith wire instructions to the winning bidder.

Negotiated Sale Method. While the City utilizes competitive sales for its bond transactions, the following tasks would be performed for bonds sold through negotiated sale. These tasks are in addition to the tasks which are common to all financings.

- ✓ Participate in the preparation of a request for proposals (RFP) for managing underwriters for review by the City. Provide a suggested distribution list for the RFP to qualified underwriters or firms which have indicated an interest in serving as managing underwriter.
- ✓ Assist in the development of criteria to evaluate any underwriting proposals received.
- ✓ Participate in the preparation of an RFP for other service providers, such as liquidity banks or remarketing agents, as needed.



- ✓ Recommend a structure (number of firms and types of firms to be represented) for the group of managing underwriters. If requested, we will recommend selection of specific firms.
- ✓ Assist in the negotiation of the compensation terms for the managing underwriters. Some of these terms can and should be determined following selection (management fee and expenses) while other elements (takedown and net to underwriting) should be reflective of market conditions in most cases.
- ✓ Represent the City during the planning, structuring, and marketing of the issue.

Prior to market entry, prepare an independent analysis of market conditions and proposed interest rates based upon comparable issues. Negotiate on behalf of the City the most favorable interest rates with the managing underwriters during the course of pre-marketing, order taking period and final pricing.

Project Team

PFM utilizes a team approach combining both regional and sector expertise to provide its clients with unparalleled service and knowledge. The individuals selected for the City's project team have been chosen because of their previous experience serving the City, project finance expertise and ready accessibility.

Jessica Cameron and Heather Casperson, Senior Managing Consultants, would be the co-client managers primarily responsible for the engagement with the City. **Matt Schnackenberg and Virginia Rutter**, Consultants, will support the team in providing quantitative and analytical services required for completing all transactions. In addition to the core project team, PFM will utilize the expertise and services of additional personnel as needed or as the City desires. These individuals provide pricing expertise, investment advisory/structured products services, services related to derivative products including swaps and hedges, and arbitrage rebate compliance services.

All team members are knowledgeable of public finance law and regulations and have extensive experience in public interaction and presentations. Our team is unconditionally committed to providing the service that the City deserves and requires.

Resumes for the project team members are presented on the following pages.



Jessica Cameron
Senior Managing Consultant

Jessica Cameron is a Senior Managing Consultant in PFM's Minneapolis office. During her ten-year career, she has served a variety of state and local government entities including: Burlington, Vermont; Burlington International Airport; Duluth, Minnesota; Fort Smith, Arkansas; St. Louis County, Minnesota; Western Lake Superior Sanitary District, Minnesota; Chittenden Solid Waste District, Vermont; Maryland Water Quality Financing Administration; Missouri Highways and Transportation Commission; Montgomery County, Maryland; Oklahoma Water Resources Board; North Dakota Building Authority; North Dakota Public Finance Authority; North Dakota Department of Transportation; Iowa Finance Authority; and South Dakota Conservancy District.

Ms. Cameron provides project management and day-to-day contact for our clients, as well as a wide variety of analytical and quantitative functions including: the review of legal documents, structuring of bonds, preparing and maintaining disclosure documentation, overseeing the rating process, preparing terms and conditions of sales, creating models for quantitative analysis and analyzing market conditions. Ms. Cameron graduated with a BA in Sociology from Asbury College in Wilmore, Kentucky.

Heather Casperson
Senior Managing Consultant

Heather Casperson is a Senior Managing Consultant in Public Financial Management's Minneapolis office. She provides financial advisory services including: financial analysis, debt schedule development and modeling, preparing rating agency presentations, and preparation/review of disclosure materials. In September 2010, she was a speaker at the Minnesota Government Finance Officers Association 47th annual conference. Featured in a break-out session panel, she presented the topic of American Recovery and Reinvestment Act of 2009 with emphasis on the new bonding programs available to local governments as a result of the Act.

Ms. Casperson has experience and currently works with clients in Minnesota, Iowa, Kansas, Maryland, and North Dakota, including cities, counties, and school districts. She has provided assistance on various types of bonds and notes, including general obligation, hotel revenue, lease revenue, sewer revenue, water revenue, and parking bonds for public facilities and economic development projects.

Ms. Casperson joined Evensen Dodge, now PFM, in 1998 after working for three years in the Corporate Trust Services department at U.S. Bank Trust, NA. She received a B.S.B. in general management with psychology, with distinction, from the Carlson School of Management at the University of Minnesota.

Matthew Schnackenberg
Consultant

Matthew Schnackenberg joined PFM's Minneapolis office as a Consultant in October 2005.

Mr. Schnackenberg actively supports senior staff by providing services such as the sizing and structuring of bond issues, analyzing debt, conducting refunding analyses, developing comprehensive debt profiles and creating Excel based cash flow models. He has provided assistance on various types of bonds and notes including general obligation and revenue-secured financings.



Some of his clients include Sioux Falls, SD; North Dakota State Water Commission; North Dakota Building Authority; South Dakota Conservancy District; North Dakota Public Finance Authority; the Washington County Housing and Redevelopment Authority, MN; City of Duluth, MN; City of Wayzata, MN; Western Lake Superior Sanitary District, MN; City of Burlington, VT; Metropolitan St. Louis Sewer District, MO; and has assisted with the State of Ohio and the St. Louis Art Museum.

Mr. Schnackenberg received a B.B.A. in Finance from the Haworth College of Business at Western Michigan University.

Virginia Rutter
Consultant

Virginia Rutter joined PFM in 2009 and works in the Minneapolis office.

Virginia works primarily providing technical and quantitative support for various clients. Her present duties include structuring, sizing, and pricing new money and refunding municipal bond issues, assessing municipal issuer's outstanding debt and performing analysis of refunding opportunities.

Mrs. Rutter graduated from Pomona College with a Bachelor's Degree in Public Policy Analysis and holds a Master's of Public Policy from the University of Minnesota H.H.H. Institute of Public Affairs.

**Rating Agency
Discussion**

General Experience and Approaches

We recognize and congratulate the City in obtaining triple "A" ratings from Moody's Investors Service and Standard & Poor's in 2007. PFM has many city and other local government triple "A" rated clients and is sensitive to the special attention required to support these superior ratings.

PFM has developed extensive experience in working with the major national rating agencies (i.e., Moody's Investors Service, Inc., Standard & Poor's Corporation, and Fitch Ratings) and has a clear understanding of their analytical methodology. Over the past three years, PFM has submitted hundreds of financings to rating agencies for their evaluation – in many instances the result being an upgrade of one or more levels by one or more of the firms. We believe the following tenets act as the cornerstone of productive relationships with the rating agencies:

Credible Strategic Financial Plan. An issuer must develop a credible long term financial plan which addresses funding for its forecast capital projects. The Strategic Financial Plan may be comprised of several components, including a Capital Improvement Plan and a Debt management Policy. Many clients are also developing multi-year budget forecasts, often included as part of the annual budget.

The Capital Improvement Plan should identify specific sources of funding, including the planned use of reserves or other "pay-go" sources, as well as planned debt issues. The impact of the debt on tax and rate payers as well as the impact of the planned project on ongoing financial operations should be quantified and discussed.

The Debt Management Policy should identify parameters and guidelines for the issuance of debt and recognize appropriate measures of debt burden. Target savings parameter for refundings should be specified. Guidelines for



the use of swaps or other structured products should be outlined as well as provisions for the analysis of the risks associated with any use of such products.

Analysis of Credit Strengths and Weaknesses. As part of our initial work with new clients, Public Financial Management completes a comprehensive evaluation of the client's credit strength and weaknesses. Credit reports issued in the last five years are reviewed so credit-related trends and issues identified by rating analysts are well understood. PFM then completes a historic analysis of all key financial performance and economic benchmarks. PFM observations and often recommendation to improve documentation of key credit parameters are review with city staff. PFM identifies any weak performance indicators and works with staff to develop appropriate responses or documentation for discussion with rating agency analysts. Key credit strengths are thoroughly analyzed. This analytical approach reflects PFM's view that the issuer must develop a thorough understanding of the key credit issues and the ability to comfortably and confidently discuss the issues with credit analysts, thus demonstrating the management direction expected of high credit quality issuers.

Comprehensive Credit Presentation. PFM assists our clients in developing sophisticated, comprehensive credit presentations which incorporate all of the client's positive credit features and provides responses to any actual or potential credit negatives. The PFM documentation provided credit analysts often becomes incorporated in final credit reports.