



# Nature Coast FGFOA

## **Update on Best Practices for Investments; and Securities and Exchange Commission and Municipal Securities Rulemaking Board Rules On Municipal Advisors**

**April 19, 2017**

**3:40 p.m. - 4:30 p.m.**

**Citrus Hills, Florida**

**Presented by:**

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# Presentation Outline



## Introductions:

- I. Overview – Review of Typical Investment Policy
- II. Overview – Best Practices Public Funds Investments
- III. Small to Medium Government Investment Approach:
  - City of Inverness Example
  - City of Venice Example
- IV. Recommendations
- V. Overview- Role of SEC and MSRB
- VI. Dodd Frank Legislation – Changes and Impacts
- VII. New Municipal Advisor Roles
- VIII. New Things to Consider
- IX. Questions and Answers
- X. Appendix Material
  - Bio, Firm Information
  - F.S. 218.415
  - QPD Documents
  - Sample MA MSRB & SEC Regulated Approvals
  - Examples of G17, G23 Bank and Underwriter Disclosures

# I. Review of Typical Florida Local Government's Investment Policy:



Individual Policies vary, but generally:

- Based on State Statutes (F.S. 218.415), and provide for:
- Scope/Objectives
- Standards of Care, Delegation Authority
- Authorized or “Permitted” Investments
- Competitive Selection, Safeguarding/Custody Requirements
- Internal Controls, Conflicts of Interest Standards
- Reporting, Benchmark Performance Measurements
- Continuing Education Requirement
- Policy Approval, Review

# II. Best Practices - Public Funds Investments



- Suitability
  - Risk return tolerance
  - Industry rules demand: “know your client”
  - Objectives and your responsibility –Understand the investment
  - Unique characteristics and today's challenge – “Limited Time” to analyze and manage
- Diversification
- Stewardship
- Cash Flow Analysis
- Maturity Term (Maximum 3 to 10 years)



# Suitability



## Key Issues Include:

- Everyone is different, there is no “copy-cat plan”...
- Understand what you, your boss, and elected or appointed officials understand
- DO NOT invest in anything that you can not explain in **5 minutes** or less or summarize on one page
- Keep it simple and at your risk tolerance and experience level
- Ability to monitor and report - Do not create extra work unless your finance/treasury department has unlimited staff and not enough to do!

# Diversification



Key Issues Include:

- Set objectives and then keep it simple!
- Do not keep all of your eggs in one basket
- Similar to a person wanting to diversify their personal investment portfolio - only shorter term
- Always err on being conservative, and LIQUID
- Protect principal versus chasing yield
- Use maximum % and minimum ratings for various investment alternatives to force diversification
- Consider maximum terms for various investments

# LGIP NAV OPTIONS



## ▪ STABLE NAV

- ❑ Goal is to maintain \$1 in/\$1out
- ❑ Highest S&P rating is “AAAm”
- ❑ Short-term
- ❑ WAM for LGIP is < 60 days
- ❑ WAM for MMF is < 90 days
- ❑ SBA-A shares
- ❑ FLSAFE
- ❑ Day-to-Day Fund
- ❑ MMF’s

## ▪ VARIABLE NAV

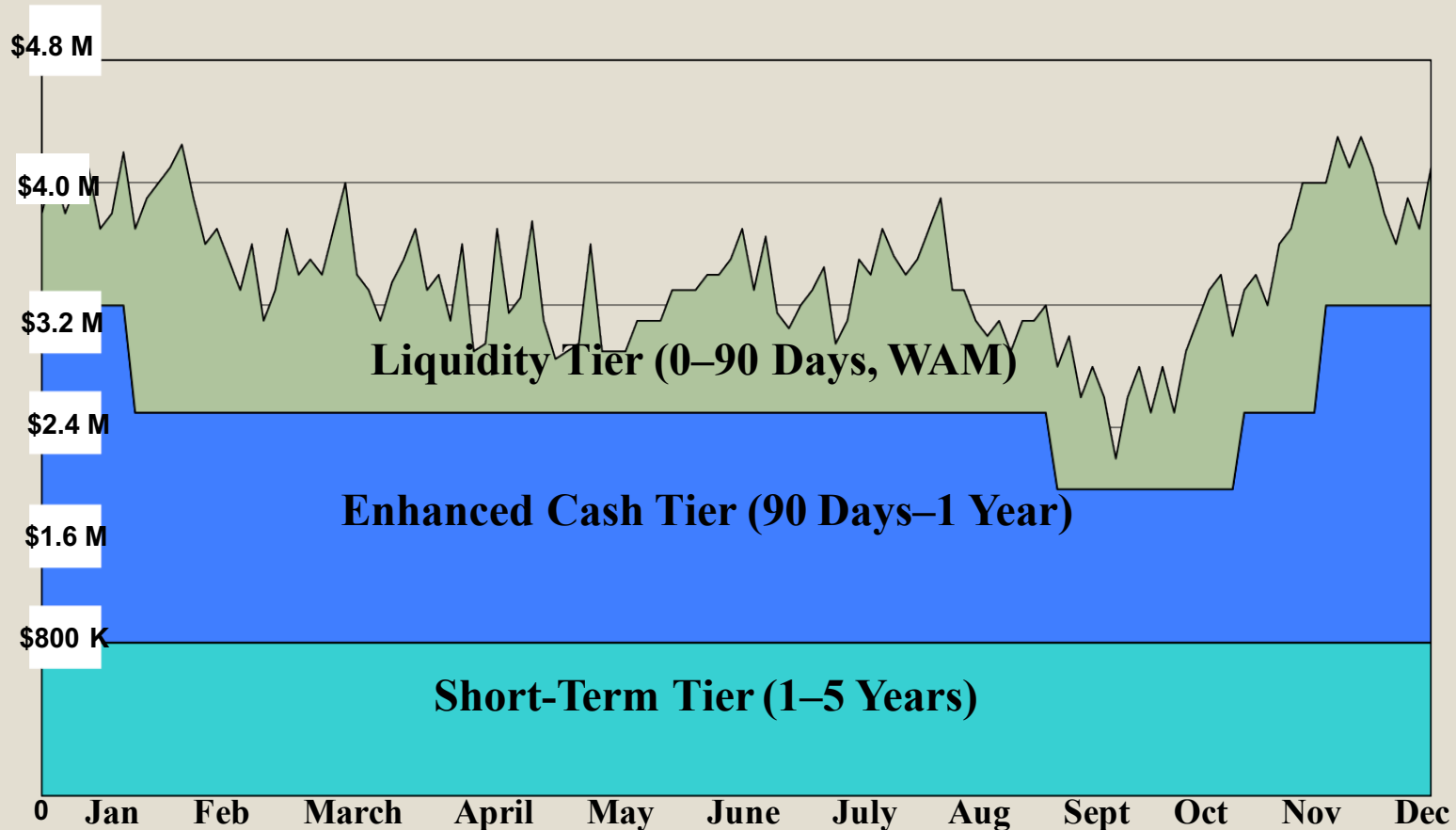
- ❑ Designed to fluctuate to increase yield
- ❑ Highest S&P rating is “AAAf”
- ❑ Highest S&P volatility rating is “S1+”
- ❑ Medium to Long-term
- ❑ WAM for Bond Fund > 90 days
- ❑ FMIvT
- ❑ FLGIT
- ❑ SPIA
- ❑ The Core Fund

Source: Prepared by Larson Consulting Services, LLC ,Orlando, Florida, market options available to Florida Governments constantly change. This is not intended to be a complete list.

# Operating Funds can be allocated into different tiers



- Core Funds
  - Enhanced Cash Tier, Short-Term Tier
- Each tier is distinct and can be benchmarked

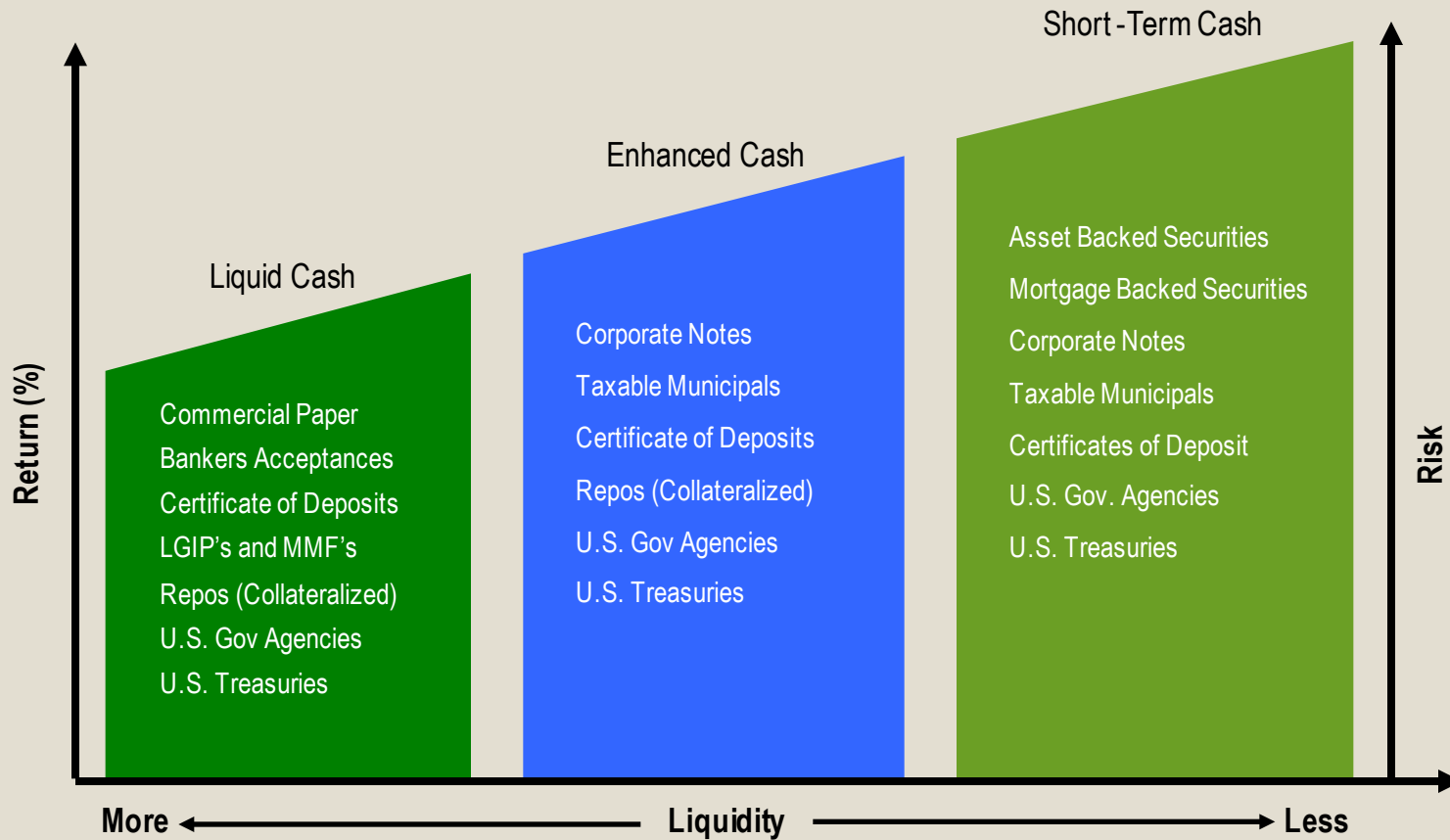


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# Investment Tools and Options – Portfolio Allocations By Time Horizon



Source: Prepared by Larson Consulting Services, Orlando, Florida, For Discussion Purposes. Information is subject to change due to market conditions.

\* Some securities require additional approval. 218.415 (16) h - Other investments authorized by law or by ordinance for a county or a municipality or local government.

\*\*Not all securities are suitable for every public entity. Each entity has their own unique risk tolerances.

# Stewardship



- You are a manager, not an owner
- Investments should be well managed, with clear goals, parameters, processes, and controls
- Public funds management should be transparent to the owner
- You are a fiduciary, interests of your local government outweigh your own interests or investment desires

# Cash Flow Analysis:



- What is it?
- Suggestions Include:
  - ❑ Go back 5 to 7 years with Audits to track unrestricted and restricted cash & investments, see trends
  - ❑ Focus next on 3 key areas:
    - ❑ Funds at local bank(s), use to pay bills, payroll; review banking services agreement, and “break-even” analysis
    - ❑ Liquidity: other daily funds out to 12 months
    - ❑ Core Funds: monies beyond 12 months
  - ❑ Operating fund, then debt service, then CIP
  - ❑ Assistance is available

# III. Investment Approach: Small to Medium Government



- Overview of Inverness
  - ❑ In Citrus County, on Gulf Coast, North of Clearwater
  - ❑ Incorporated in 1917
  - ❑ Population: Est. 7,200, 7 square miles
  - ❑ Governmental Services Include
    - ❑ General Government
    - ❑ Development
    - ❑ Public Safety
    - ❑ Roads & Streets
    - ❑ CRA
    - ❑ Cultural and Recreation
    - ❑ Cemetery
    - ❑ Water, Sewer, Reclaimed Water
    - ❑ Stormwater
    - ❑ Parks



# Investment Approach:



- Finance Director Reports to City Manager
- Annual Budget – Approx. \$37 Million
- Cash & Investment Portfolio – Approx. \$18.9 Million
- Limited Resources & Time
- 2015-16 Mileage Rate: 7.0729 mils



# Inverness' Investment Approach

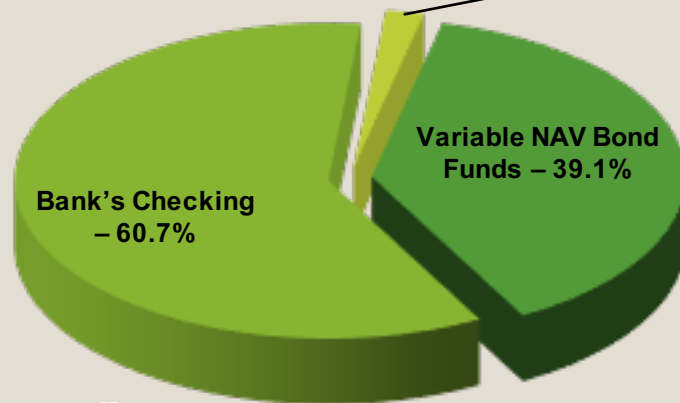


- Finance Director in 2013 started reviewing existing banking arrangements and investments
  - Discovered that City could achieve greater portfolio diversification and improve returns
- Updated Investment Approach in 2015, Reviewed Investment Policy, follows F.S. 218.415

## Portfolio Composition <sup>(1)</sup>

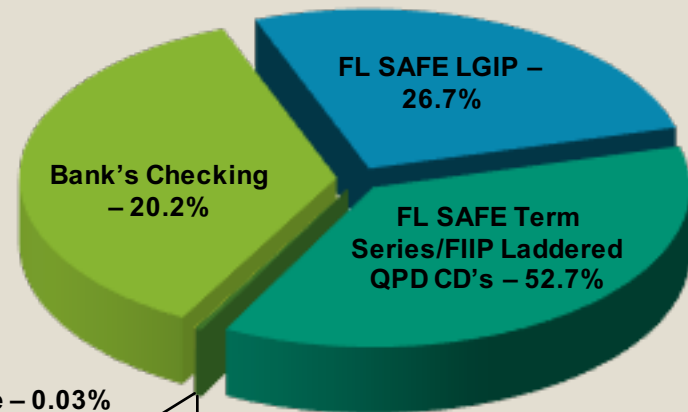
### Before (September 2014)

Florida Prime  
- 0.2%



### As of April 2016 (2)

SBA Prime - 0.03%



Variable NAV Bond Funds - 0.37%



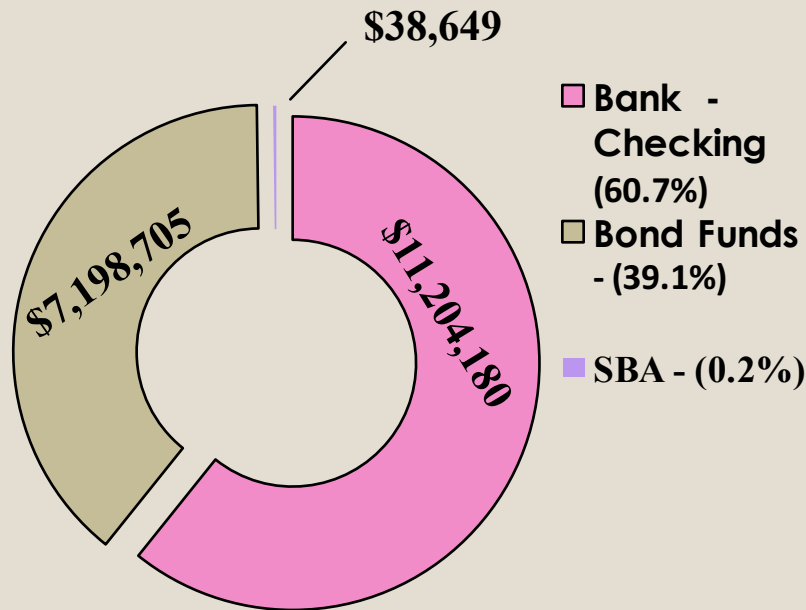
(1) Source - City of Inverness, Finance Department.  
(2) City receives monthly FL SAFE Portfolio Report

# City of Inverness



## Portfolio Diversification

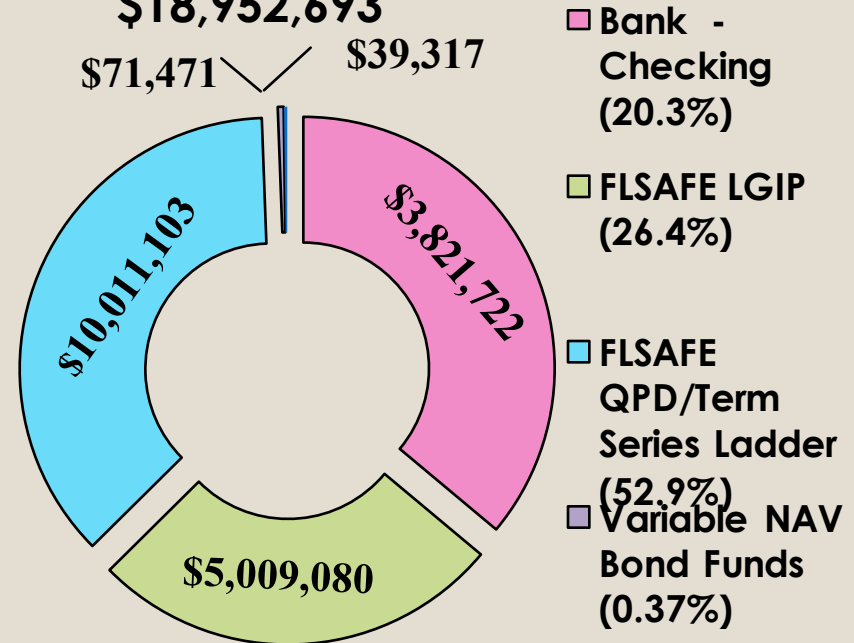
**BEFORE (September 2014)**



**AFTER (4/27/16)**

**\$18,952,693**

\$71,471      \$39,317



(1) Source – City of Inverness Finance Department, approximate Bank balance as of 4/27/16.

# Inverness QPD Bank Competitively Bid “Ladder” of CD’s and Term Series (1)



Maturity Date	Amount	Net Yields
September 2016	\$2,515,000 ( <i>Term Series</i> )	0.60%
December 2016	\$1,256,055 ( <i>Term Series</i> )	0.65%
May 2017	\$1,922,497 ( <i>CD</i> )	0.80%
September 2017	\$1,270,000 ( <i>Term Series</i> )	0.80%
December 2017	\$1,520,374 ( <i>CD</i> )	0.85%
May 2018	\$1,527,178 ( <i>CD</i> )	0.90%

Weighted Average Maturity:      Approx. 410 Days<sup>(2)</sup>  
 Weighted Average Rate:          Approx. 0.808%<sup>(2)</sup>  
 Total CD/ Term Series Ladder:    Approx. \$10,011,103

(1) Par amounts as of 3/31/16 City of Inverness per FL SAFE Master Total Portfolio Report. QPD CD’s bid out under FL SAFE FIIP Program and highest bids awarded to the different banks. Fully collateralized Term Series purchased in September 2015 and March 2016. Rates based on changing market conditions.

Past performance is no indication of future results.



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# IV. Investment Approach: Medium Government City of Venice Overview



- In Sarasota County – SW Florida
- Located ½ way between Tampa & Fort Myers
- Incorporated in 1927
- In 2012, Celebrated its 85<sup>th</sup> Anniversary
- Well known for its beautiful beaches
- Population – Approx. 21,117 in FY 2013 CAFR



# City of Venice



- Governmental Services

Police

Information Systems

Fire

Parks & Recreation

Finance

Public Works

Community Development: Engineering, P&Z, Bldg

- Enterprise Funds

Water & Sewer

Solid Waste

Stormwater

Airport



# City of Venice Finances



- Finance Director reports to City Manager
  - ❑ Annual Budget – Approx. \$80.2 million
  - ❑ Cash & Investment portfolio
  - ❑ Approx. \$79 million (includes \$17 million in Series 2012 December Bond Proceeds)
- Limited resources (i.e. personnel and time)
  - ❑ Finance Personnel  
2000:     17                          2014:     12
  - ❑ Budget  
2000: \$41.4 M                      2014: \$88.5 M



# City of Venice's Approach



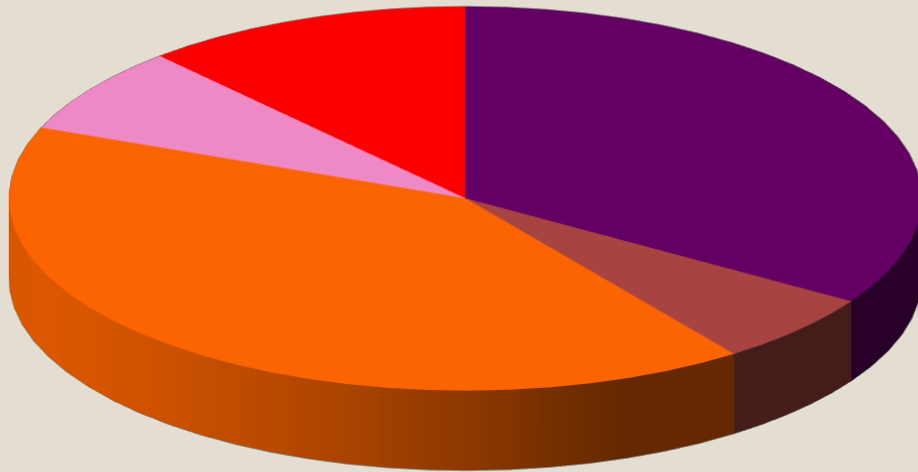
- Manage amount at local operating bank, tied to cash flow analysis and to cover banking fees via earnings credit
- Other sources of liquidity include AAAM rated FL SAFE LGIP, overnight Bank QPD's, very liquid
- Analyze cash flows by fund, but invest on pooled basis
- Worked with FLSAFE/ PMA to Ladder their "Core" investments via competitively bid QPD CD's, U.S. Govt. agencies, ("FIIP" Program)
- Master Portfolio Report done for Staff Monthly
- Access Term Series when appropriate



# IV. City of Venice's Approach



Cash & Investments \$68,116,081(1)



■ Government Agencies	\$23M (34%)
■ FLSAFE - LGIP	\$4.3M (6%)
■ Bank Deposits -QPD	\$27.8 M (41%)
■ FL SAFE Term Series	\$5.0 M (7.3%)
■ FL QPD CD's	\$8M (11.7%)

**Total: \$68.1M**

(1) City of Venice, Finance Department, as of August 31, 2014. Includes balance of bond proceeds. Excludes \$34,658 balance of SBA Fund B.

(2) Includes Overnight Bank QPD accounts at operating bank (\$14.1M), and four other banks (0% to .50%)



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# Venice's \$36 Million Competitively Bid Ladder



<b>Maturity Date</b>	<b>Original Amount</b>	<b>Net Yields</b>
September 2014	\$2,000,000 (CD)(BP)	0.27%
October 2014	\$2,000,000 (CD)	0.33%
December 2014	\$5,000,000 (Term Series)(BP)	0.25%
April 2015	\$2,000,000 (CD)	0.43%
October 2015	\$2,000,000 (CD)	0.58%
August 2017	\$1,000,000 (Agency)	1.24%
August 2017	\$2,000,000 (Agency)	1.15%
September 2017	\$1,000,000 (Agency)	0.70%
November 2017	\$1,000,000 (Agency)	0.87%
December 2017	\$2,000,000 (Agency)	0.90%
January 2018	\$1,000,000 (Agency)	0.95%
January 2018	\$1,000,000 (Agency)	0.95%
January 2018	\$2,000,000 (Agency)	0.70%
February 2018	\$2,000,000 (Agency)	0.75%
March 2018	\$1,000,000 (Agency)	1.05%
March 2018	\$1,000,000 (Agency)	0.80%
May 2018	\$1,000,000 (Agency)	0.70%
June 2018	\$2,000,000 (Agency)	1.50%
March 2019	\$1,000,000 (Agency)	1.00%
June 2019	\$1,000,000 (Agency)	1.00%
August 2019	\$2,000,000 (Agency)	1.95%
August 2019	\$1,000,000 (Agency)	1.50%

Weighted Average Maturity: Approx. 2.49 Years

Weighted Average Rate: Approx. 0.81%

Total CD/ Agency/Term Series Ladder: \$36,000,000

(1) As of August 31, 2014, City of Venice Finance Department, Quarterly Investment Report. Excludes cash/cashequivalents of approximately \$32 M.

Past performance is no indication of future results.



# City of Venice's Focus



- Stay with “Permitted Investments” ; Adjust to highest yielding options based on changing markets
- Too Small to Have an Independent IA Firm
- Competitive bidding, continue to use Cash Flow Analysis, and Fixed Income Investment Program (FIIP), Term Series via FL SAFE team
- Wider Range of Broker Dealers or QPD Banks
- Leverage outside services, reduce staff time, tracking of Broker Dealer firms, banks
- One consolidated monthly Investment Statement
- Eliminate safekeeping charges



# V. Recommendations



- Markets are Constantly Changing, Remember Liquidity and Ladders; upcoming changes Money Market Funds
- Everyone is Different, But You Can Learn from Another Government's Well Thought Out Plan and Approach
- Understand What You, Your Boss, and Elected Officials Understand, Remember "Suitability", Stewardship, and "Diversification"
- Keep it Simple and At Your Risk Tolerance Level, Ability to Monitor, Reporting, Transparency
- This is Not Your Money-Be A Fiduciary, Seek Assistance, As Needed



# VI. Dodd Frank Registration



- **Overview – Role of SEC and MSRB**
- **Historical Impact on Local Governments**
  
- Securities and Exchange Commission (“SEC”)
  - ❑ Role
  - ❑ Application to Municipal Issuers
  
- Municipal Securities Rulemaking Board (“MSRB”)
  - ❑ Role, “SRO”
  - ❑ Application to Municipal Issuers

# VI. Dodd Frank cont.



- **SEC**

- Established as primary enforcement and regulatory organization by federal legislation

- **MSRB**

- 21 Member Board
- Municipal issues traditionally fell to self-regulatory agency, MSRB, to write rules for the municipal securities market as set forth in Section 15B of Securities Exchange Act
- Prevent fraudulent and manipulated acts and practices, facilitate transactions, protect investors, issuers

# VII. – Dodd Frank cont.



- Following financial crisis in 2008, Congress enacted the Dodd- Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”)
- Dodd-Frank first addressed regulatory reform issues for broker dealers and banks related to mortgage backed securities and derivatives
- Dodd-Frank also amended section 15b of the Securities Exchange Act of 1934 (“the Exchange Act”) to establish a new federal regulatory regime for financial or municipal advisors (“MA’s”)
- Provided SEC with greater direct access to Municipal market

# VII. Dodd Frank cont.



## What is a Municipal Advisor?

- SEC issued a final rule in September 2013 to provide guidance for determining whether a firm or professional is engaging in municipal advisor activities
- Who does this include?
  - ❑ Financial Advisors
  - ❑ CPA's, Auditors
  - ❑ Underwriters
  - ❑ Banks
  - ❑ Bond Counsel, Disclosure Counsel
  - ❑ City/County Commission
  - ❑ Debt Advisory Committee
  - ❑ Feasibility/Rate Consultant
  - ❑ Swap Advisor
  - ❑ Investment Advisor

# VIII. – Municipal Advisors



## New Regulations Include:

- MA's required to register with the SEC (Rule A-12) as a new regulatory agency of MA's (Rule D-14), and pay assessments for MA Professionals (Rule A-11)
- MSRB Rule A-3; MSRB Board to include MA representative
- MA's determined to have a "fiduciary" duty to municipal clients
- MSRB granted rulemaking authority over MA's (Rule A-8)

# VIII. – MAs cont.



## Municipal Advisors New Regulations Include:

- MSRB Rule G-17; “fair-dealing rule”
- MSRB Rule G-20; “gifts and gratuities”
- MSRB Rule G-5; “disciplinary actions”
- MSRB Rule G-44 (b, c, d); MA Firms to establish Supervisory System, written Supervisory Procedures, formal inspections by Compliance Officer
- MSRB Pilot Series 50 Municipal Advisor Exam
- New April 2016 Advisory on “Bank Loans”



# IX. – Things to Consider

## Municipal Advisor Rules: Implications for Florida Local Governments

New regulatory framework for “independent” Financial Advisor professionals and their firms that were not previously licensed professionals at a Broker Dealer and used to FINRA, MSRB, SEC, NYSE rules and regulations

Additional assessments, time, and expanded compliance departments a new cost to many FA firms, particularly a burden to smaller FA firms

Extends sometimes into firms active in other areas that have now registered as MA's if involved with:

- Interest Rate swaps, caps, collars – “Swap Advisory”
- Investments of Bond/Note Proceeds
- Some feasibility/financial consultants

Banks, Investment Banks required/requiring themselves, to adjust to relationships with public issuers of debt

# IX. – Things to Consider cont.



Municipal Advisors continued...

## Recent Changes Seen In Marketplace

Many Investment Bankers/Broker Dealers if underwriter/placement agent on Note or Bond proceeds are no longer involved with investment of proceeds

Banks and Underwriters responding to Bank or Underwriter RFP's often include G-17 language in their RFP responses citing that...

- “none of the Firm’s officers are serving as a municipal advisor,
- “none of the Firm’s offices are subject to the fiduciary duty established in Section 15 B(c)(1) of the Exchange Act”,
- “in context of potential engagement between a firm’s entity and you” and in discussions, communications, conferences, and undertakings, each “Firm” entity will act as principal and not in a fiduciary capacity, no “firm” entity assumed an advisor or fiduciary in favor of you, and no “Firm” entity is acting as your financial advisor





# IX. – Things to Consider cont.

## Municipal advisors continued...

- The “Bank” entities have financial and other interests that may differ from yours
- Each “Bank” entity advises you to consult your own legal, financial and other advisors to the extent you deem appropriate
- Many Banks and Underwriters require the Municipal’s “CEO” or “CFO” to provide an executed G-17 letter prepared by that firm as evidence of the client’s understanding and acknowledgement of this non-fiduciary relationship
- Many Banks and Underwriters or Swap Providers/Brokers are requiring that the local Government also confirm that they have their own independent MA who is providing advice on the transaction
- Many Banks and Underwriters will no longer provide proactive, financing, or refunding analysis or proposals unless done within the context of an RFP where the local Government has a Financial Advisor or the Local Government signs a G-17 letter regarding the analysis

# X. Questions?



# XI. Appendix



- Bios:
  - ▣ J. Larson
- F.S. 218.415(16); Investment Policy
- F.S. 280.17 QPD including sample forms
- Sample MA MSRB Registration and SEC Registration Approvals
- Examples of G17 letters, G23 letters

# Jeffrey T. Larson

President, Larson Consulting Services | Tel: 407.496.1597 | [jl Larson@larsonconsults.com](mailto:jl Larson@larsonconsults.com)



Based in Orlando, and as President of Larson Consulting Services ("LCS"), an independent SEC and MSRB registered financial advisory firm, Jeff has successfully closed a wide range of municipal project finance and corporate financings totaling over \$6 billion. Florida projects have ranged from negotiating and structuring transportation/road improvement programs, higher education project financings, multiple utility acquisitions, extensive water and wastewater capital expansions, investments support services, economic development and redevelopment initiatives, utility enterprise restructurings, refinancing and restructuring, downtown redevelopment, CRA TIF financings, debt and lease purchase private placements, multiple public/private partnership project finance issues, multiple phased Charter School financing, and a \$240 Million University / Developer PPP Project financing. In May of 2011, Jeff and FMAS was asked by the AAAM rated FL SAFE Local Government Investment Pool ("LGIP"), to serve as its Administrator and Executive Director. He has served many Florida governments since 1992 as an Investment Banker, Financial Consultant, Administrator, or Financial Advisor.

Prior to establishing LCS and FMAS, Jeff managed D.A. Davidson's Southeast Regional Investment Banking Office. Prior to joining D.A. Davidson, Mr. Larson was the S.E. Regional Director Investment Banking and Consulting Services with Kirkpatrick Pettis, the investment banking arm of Mutual of Omaha, the Managing Director for Stifel Nicolaus/Hanifen Imhoff, and a Vice President, Investment Banking for SunTrust Capital Markets in Orlando, Florida. Recruited by these firms, he specialized since 1992 in Florida with the structuring and marketing of a variety of public finance and capital markets products. Prior to that, he spent ten years with C & S/Sovran in Atlanta and Barclays Bank PLC in Atlanta and San Francisco as a corporate finance, large corporate/Fortune 500, and Middle Market Banker.

Mr. Larson received his MBA degree on an academic scholarship from Emory University, Atlanta, Georgia, in 1982. As part of his MBA graduate work, Mr. Larson worked, studied and taught in Germany and Austria and was a Fulbright Scholar at the Johannes Kepler University in Linz, Austria. He received an A.B. in Business Administration with honors in 1980 from Franklin & Marshall College, Lancaster, PA. Mr. Larson's professional licenses with the State of Florida, FINRA (previously the National Association of Securities Dealers (NASD)), and New York Stock Exchange (NYSE) included a Series 7 General Securities, Series 63, Series 53 Municipal Principal, Series 24 FINRA General Securities Principal and Series 9 and 10 General Securities Sales Supervisor licenses.

Jeff is a frequent speaker at industry conferences including the annual FGFOA, FCCMA, Florida Bond Buyer, FICPA, Florida Redevelopment Association (FRA), Florida Bar Association, Florida League of Cities, Ernst & Young Professional Development Conference, FGFOA Webinars, FINRA, Regional FGFOA Chapter meetings, FGFOA Career Seminars, Smith's National Investor Conference, Annual FGFOA Institute (School of Governmental Finance) and Special District conferences on topics ranging from "the Bond Issuance Process", "Best Practices in Debt Management", "Best Practices in Investment Management", "Planning and Capital Financing", to "Public-Private Partnership Financings." Jeff has also served as a member of the FGFOA Annual Conference Program Committee for over 20 years.

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Larson Consulting's Team of Professionals provide financing solutions for many types of clients in Florida, the Southeast, and across the country. We specialize in a number of practices in which we have significant expertise. Our primary areas of focus include the following:

- Infrastructure Financings
- Special Districts and Land Development
- Higher Education
- Resort Communities
- Housing Agencies
- CRA & TIF Improvement Districts
- Tribal Finance
- Healthcare Finance
- Charter Schools
- Growth Management and Capital Planning
- Developer Project Negotiations
- Arbitrage Support
- Workforce Housing
- Project Financings
- Utility Financings
- Public Private Partnerships
- School Districts
- Project Consulting Services
- Lease-Purchase Financings
- Internet-Based Public Sales
- Alternative Energy
- Rural Water
- State Governments
- Utility Acquisition Analysis
- Refundings and Restructurings

# Florida Statutes 218.415 Section 16



- 218.415 Local government investment policies.—Investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body, or in the absence of the existence of a governing body, the respective principal officer of the unit of local government and maintained by the unit of local government or, in the alternative, such activity must be conducted in accordance with subsection (17). Any such unit of local government shall have an investment policy for any public funds in excess of the amounts needed to meet current expenses as provided in subsections (1)-(16), or shall meet the alternative investment guidelines contained in subsection (17). Such policies shall be structured to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. Each unit of local government shall adopt policies that are commensurate with the nature and size of the public funds within its custody.
- (1) SCOPE.—The investment policy shall apply to funds under the control of the unit of local government in excess of those required to meet current expenses. The investment policy shall not apply to pension funds, including those funds in chapters 175 and 185, or funds related to the issuance of debt where there are other existing policies or indentures in effect for such funds.
- (2) INVESTMENT OBJECTIVES.—The investment policy shall describe the investment objectives of the unit of local government. Investment objectives shall include safety of capital, liquidity of funds, and investment income, in that order.
- (3) PERFORMANCE MEASUREMENT.—The investment policy shall specify performance measures as are appropriate for the nature and size of the public funds within the custody of the unit of local government.
- (4) PRUDENCE AND ETHICAL STANDARDS.—The investment policy shall describe the level of prudence and ethical standards to be followed by the unit of local government in carrying out its investment activities with respect to funds described in this section. The unit of local government shall adopt the Prudent Person Rule, which states that: “Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.”
- (5) LISTING OF AUTHORIZED INVESTMENTS.—The investment policy shall list investments authorized by the governing body of the unit of local government, subject to the provisions of subsection (16). Investments not listed in the investment policy are prohibited. If the policy authorizes investments in derivative products, the policy must require that the unit of local government’s officials responsible for making investment decisions or chief financial officer have developed sufficient understanding of the derivative products and have the expertise to manage them. For purposes of this subsection, a “derivative” is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values. If the policy authorizes investments in reverse repurchase agreements or other forms of leverage, the policy must limit the investments to transactions in which the proceeds are intended to provide liquidity and for which the unit of local government has sufficient resources and expertise.
- (6) MATURITY AND LIQUIDITY REQUIREMENTS.—The investment policy shall require that the investment portfolio is structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To that end, the investment policy should direct that, to the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.



# Florida Statutes 218.415 Section 16 Cont.

- (7) PORTFOLIO COMPOSITION.—The investment policy shall establish guidelines for investments and limits on security issues, issuers, and maturities. Such guidelines shall be commensurate with the nature and size of the public funds within the custody of the unit of local government.
- (8) RISK AND DIVERSIFICATION.—The investment policy shall provide for appropriate diversification of the investment portfolio. Investments held should be diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which financial instruments are bought and sold. Diversification strategies within the established guidelines shall be reviewed and revised periodically, as deemed necessary by the appropriate management staff.
- (9) AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS.—The investment policy should specify the authorized securities dealers, issuers, and banks from whom the unit of local government may purchase securities.
- (10) THIRD-PARTY CUSTODIAL AGREEMENTS.—The investment policy shall provide appropriate arrangements for the holding of assets of the unit of local government. Securities should be held with a third party; and all securities purchased by, and all collateral obtained by, the unit of local government should be properly designated as an asset of the unit of local government. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized staff member of the unit of local government. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a “delivery vs. payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.
- (11) MASTER REPURCHASE AGREEMENT.—The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
- (12) BID REQUIREMENT.—The investment policy shall require that the unit of local government’s staff determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the investment objectives specified in subsection (2) must be selected.
- (13) INTERNAL CONTROLS.—The investment policy shall provide for a system of internal controls and operational procedures. The unit of local government’s officials responsible for making investment decisions or chief financial officer shall establish a system of internal controls which shall be in writing and made a part of the governmental entity’s operational procedures. The investment policy shall provide for review of such controls by independent auditors as part of any financial audit periodically required of the unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the unit of local government.
- (14) CONTINUING EDUCATION.—The investment policy shall provide for the continuing education of the unit of local government’s officials responsible for making investment decisions or chief financial officer. Such officials must annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.



# Florida Statutes 218.415 Section 16 Cont.

- (15) REPORTING.—The investment policy shall provide for appropriate annual or more frequent reporting of investment activities. To that end, the governmental entity's officials responsible for making investment decisions or chief financial officer shall prepare periodic reports for submission to the legislative and governing body of the unit of local government, which shall include securities in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.
- (16) AUTHORIZED INVESTMENTS; WRITTEN INVESTMENT POLICIES.—Those units of local government electing to adopt a written investment policy as provided in subsections (1)-(15) may by resolution invest and reinvest any surplus public funds in their control or possession in:
  - (a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. [163.01](#).
  - (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
  - (c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. [280.02](#).
  - (d) Direct obligations of the United States Treasury.
  - (e) Federal agencies and instrumentalities.
  - (f) Rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
  - (g) Securities of, or other interests in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
  - (h) Other investments authorized by law or by ordinance for a county or a municipality.
  - (i) Other investments authorized by law or by resolution for a school district or a special district.
- (17) AUTHORIZED INVESTMENTS; NO WRITTEN INVESTMENT POLICY.—Those units of local government electing not to adopt a written investment policy in accordance with investment policies developed as provided in subsections (1)-(15) may invest or reinvest any surplus public funds in their control or possession in:
  - (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. [163.01](#).
  - (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
  - (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. [280.02](#).
  - (d) Direct obligations of the U.S. Treasury.
  - The securities listed in paragraphs (c) and (d) shall be invested to provide sufficient liquidity to pay obligations as they come due.



# Florida Statutes 218.415 Section 16 Cont.



- (18) SECURITIES; DISPOSITION.—
  - (a) Every security purchased under this section on behalf of the governing body of a unit of local government must be earmarked and:
    - 1. If registered with the issuer or its agents, must be immediately placed for safekeeping in a location that protects the governing body's interest in the security;
    - 2. If in book entry form, must be held for the credit of the governing body by a depository chartered by the Federal Government, the state, or any other state or territory of the United States which has a branch or principal place of business in this state as defined in s. [658.12](#), or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this state, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or
    - 3. If physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.
  - (b) The unit of local government's governing body may also receive bank trust receipts in return for investment of surplus funds in securities. Any trust receipts received must enumerate the various securities held, together with the specific number of each security held. The actual securities on which the trust receipts are issued may be held by any bank depository chartered by the Federal Government, this state, or any other state or territory of the United States which has a branch or principal place of business in this state as defined in s. [658.12](#), or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this state.
- (19) SALE OF SECURITIES.—When the invested funds are needed in whole or in part for the purposes originally intended or for more optimal investments, the unit of local government's governing body may sell such investments at the then-prevailing market price and place the proceeds into the proper account or fund of the unit of local government.
- (20) PREEXISTING CONTRACT.—Any public funds subject to a contract or agreement existing on October 1, 2000, may not be invested contrary to such contract or agreement.
- (21) PREEMPTION.—Any provision of any special act, municipal charter, or other law which prohibits or restricts a local governmental entity from complying with this section or any rules adopted under this section is void to the extent of the conflict.
- (22) AUDITS.—Certified public accountants conducting audits of units of local government pursuant to s. [218.39](#) shall report, as part of the audit, whether or not the unit of local government has complied with this section.
- (23) AUTHORIZED DEPOSITS.—In addition to the investments authorized for local governments in subsections (16) and (17) and notwithstanding any other provisions of law, a unit of local government may deposit any portion of surplus public funds in its control or possession in accordance with the following conditions:
  - (a) The funds are initially deposited in a qualified public depository, as defined in s. [280.02](#), selected by the unit of local government.
  - (b) The selected depository arranges for depositing the funds in financial deposit instruments insured by the Federal Deposit Insurance Corporation in one or more federally insured banks or savings and loan associations, wherever located, for the account of the unit of local government.
  - (c) The full amount of the principal and accrued interest of each financial deposit instrument is insured by the Federal Deposit Insurance Corporation.
  - (d) The selected depository acts as custodian for the unit of local government with respect to each financial deposit instrument issued for its account.



REPRESENTING  
**ALEX SINK**  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA

**DIVISION OF TREASURY MEMORANDUM**  
**NO. 09-PA-01**  
**October 5, 2009**  
**Florida Public Deposits Program**

**Public Depositor Annual Report to the Chief Financial Officer (Form DFS-J1-1009)**

The purpose of this memorandum is to provide public depositors with instructions for filing the Public Depositor Annual Report to the Chief Financial Officer (annual report). Note: The annual report should not be completed by the qualified public depository (QPD) that holds the funds.

Section 280.17, Florida Statutes (F.S.), specifies the requirements for public depositors to receive protection from loss for a public deposit account. Each public depositor should be familiar with the requirements of this section of Florida law and we have attached it for your review.

**Important Notes:**

- **The annual report must be submitted by November 30, 2009. Processing can be expedited by faxing your completed report to (850) 488-0216 or emailing a PDF copy of the report to: [Kenneth.lee@myfloridacfo.com](mailto:Kenneth.lee@myfloridacfo.com)** You may retain the original report for your records.
- **Do not submit any of your Public Deposit Identification and Acknowledgment forms with your annual report.** Those forms are to be retained by you and only submitted to this office in the event of a QPD failure for which you suffer a loss of public deposits. Section 280.17(3)(a), F.S. details the circumstances in which a new form must be completed.
- **Please be certain to complete all of the authorized signer's contact information on the annual report, including their e-mail address, so that our records will have the most current information.**
- **Please make a copy of your completed annual report for future reference.**

Additional copies of forms and attachments associated with the Public Depositor Annual Report to the Chief Financial Officer can be provided by mail, facsimile, or e-mail.

Please direct questions to:

Division of Treasury  
Public Deposits Program Administration  
200 East Gaines Street  
Tallahassee, Florida 32399-0345  
Telephone: (850) 413-3164  
Fax: (850) 488-0216

Attachments: Public Depositor Annual Report to the Chief Financial Officer  
List of Qualified Public Depositories  
Section 280.17, F.S.



**FLORIDA STATUTES**  
**SECTION 280.17**

**Requirements for public depositors; notice to public depositors and governmental units; loss of protection.**—In addition to any other requirement specified in this chapter, public depositors shall comply with the following:

- (1) (a) Each official custodian of moneys that meet the definition of a public deposit under s.280.02 shall ensure such moneys are placed in a qualified public depository unless the moneys are exempt under the laws of this state.  
(b) Each depositor, asserting that moneys meet the definition of a public deposit provided in s. 280.02 and are not exempt under the laws of this state, is responsible for any research or defense required to support such assertion.
- (2) Beginning July 1, 1998, each public depositor shall take the following actions for each public deposit account:
  - (a) Ensure that the name of the public depositor is on the account or certificate or other form provided to the public depositor by the qualified public depository in a manner sufficient to identify that the account is a Florida public deposit.
  - (b) Execute a form prescribed by the Chief Financial Officer for identification of each public deposit account and obtain acknowledgment of receipt on the form from the qualified public depository at the time of opening the account. Such public deposit identification and acknowledgment form shall be replaced with a current form as required in subsection (3). A public deposit account existing before July 1, 1998, must have a form completed before September 30, 1998.
  - (c) Maintain the current public deposit identification and acknowledgment form as a valuable record. Such form is mandatory for filing a claim with the Chief Financial Officer upon default or insolvency of a qualified public depository.
- (3) Each public depositor shall review the Chief Financial Officer's published list of qualified public depositories and ascertain the status of depositories used. A public depositor shall, for status changes of depositories:
  - (a) Execute a replacement public deposit identification and acknowledgment form, as described in subsection (2), for each public deposit account when there is a merger, acquisition, name change, or other event which changes the account name, account number, or name of the qualified public depository.
  - (b) Move and close public deposit accounts when an institution is not included in the authorized list of qualified public depositories or is shown as withdrawing.
- (4) Whenever public deposits are in a qualified public depository that has been declared to be in default or insolvent, each public depositor shall:
  - (a) Notify the Chief Financial Officer immediately by telecommunication after receiving notice of the default or insolvency from the receiver of the depository with subsequent written confirmation and a copy of the notice.



(b) Submit to the Chief Financial Officer for each public deposit, within 30 days after the date of official notification from the Chief Financial Officer, the following:

1. A claim form and agreement, as prescribed by the Chief Financial Officer, executed under oath, accompanied by proof of authority to execute the form on behalf of the public depositor.
2. A completed public deposit identification and acknowledgment form, as described in subsection (2).
3. Evidence of the insurance afforded the deposit pursuant to the Federal Deposit Insurance Act.

(5) Each public depositor shall confirm annually that public deposit information as of the close of business on September 30 has been provided by each qualified public depository and is in agreement with public depositor records. Such confirmation shall include the federal employer identification number of the qualified public depository, the name on the deposit account record, the federal employer identification number on the deposit account record, and the account number, account type, and actual account balance on deposit. Public depositors shall request such confirmation information from qualified public depositories on or before the fifth calendar day of October and shall allow until October 31 to receive such information. Any discrepancy found in the confirmation process shall be reconciled before November 30.

(6) Each public depositor shall submit, not later than November 30, an annual report to the Chief Financial Officer which shall include:

(a) The official name, mailing address, and federal employer identification number of the public depositor.

(b) Verification that confirmation of public deposit information as of September 30, as described in subsection (5), has been completed.

(c) Public deposit information in a report format prescribed by the Chief Financial Officer. The manner of required filing may be as a signed writing or electronic data transmission, at the discretion of the Chief Financial Officer.

(d) Confirmation that a current public deposit identification and acknowledgment form, as described in subsection (2), has been completed for each public deposit account and is in the possession of the public depositor.

(7) Notices relating to the public deposits program shall be mailed to public depositors and governmental units from a list developed annually from:

(a) Public depositors that filed an annual report under subsection (6).

(b) Governmental units existing on September 30 that had no public deposits but filed an annual report stating "no public deposits".

(c) Governmental units established during the year that filed an annual report as a new governmental unit or otherwise furnished in writing to the Chief Financial Officer its official name, address, and federal employer identification number.

(8) If a public depositor does not comply with this section on each public deposit account, the protection from loss provided in s. 280.18 is not effective as to that public deposit account.



Sample Annual Report

DEPARTMENT OF FINANCIAL SERVICES  
Division of Treasury -- Bureau of Collateral Management

PUBLIC DEPOSITOR ANNUAL REPORT TO THE CHIEF FINANCIAL OFFICER

For the Period Ended September 30, 2008

Public Depositor (PD) Information

PD's Full Legal Name: City of Orange City  
PD's Mailing Address: 205 EAST GRAVES AVENUE  
ORANGE CITY, FL 32763  
PD's Federal Employer Identification Number (FEIN): 59-0946992

WE ASSERT that we are an official custodian of moneys that meet the definition of a public deposit as defined in Chapter 280, Florida Statutes and that such moneys are placed in Qualified Public Depositories (QPDs) unless exempt under the laws of this state. We acknowledge our responsibility for any research or defense required to support such assertion.

WE VERIFY that we have:

(1) Performed an annual confirmation of all open public deposit accounts, as of the close of business on September 30 for each QPD. All discrepancies found in the confirmation process were reconciled before November 30. Information confirmed included the following:

- a. FEIN of the QPD.
- b. Name on the deposit account record.
- c. FEIN on the deposit account record.
- d. Account number.
- e. Account type.
- f. Actual account balance on deposit.

(2) Confirmed that a current Public Deposit Identification and Acknowledgment Form has been completed for each public deposit account and is in our possession.

(3) Provided as part of this report a separate listing of QPDs at which we have open public deposit accounts. This filing has been completed in the report format prescribed by the Chief Financial Officer, State of Florida for this year.

Under penalties of perjury, I attest that I am authorized to sign on behalf of the Public Depositor identified above, and also declare that I have read the information provided on this Public Depositor Annual Report to the Chief Financial Officer and that the facts stated in it are true to the best of my knowledge and belief.

Authorized Signature for Public Depositor: [Signature] Date: 10/28/08

Printed Name and Title: CHRISTINE C. DAVIS, FINANCE DIRECTOR

Phone: (386) 775-5432 Fax: (386) 775-5435

Suncom: ( ) Email: cdavis@ci.orange-city.fl.us

DPS-J1-1009  
REV. 09/03



PUBLIC DEPOSITOR ANNUAL REPORT TO THE CHIEF FINANCIAL OFFICER

For the Period Ended September 30, 2008

List of Qualified Public Depositories for City of Orange City  
Public Depositor's Full Legal Name

Listed below are the FEIN and name for all Qualified Public Depositories at which we have open public deposit accounts, including accounts with zero balances.

FEIN of Qualified Public Depository	Name of Qualified Public Depository
22-1147033	WACHOVIA BANK, N.A.
56-1074313	BRANCH BANKING & TRUST Co.



**DEPARTMENT OF FINANCIAL SERVICES**  
 Division of Treasury – Bureau of Collateral Management



**PUBLIC DEPOSIT IDENTIFICATION AND ACKNOWLEDGMENT FORM**

**Public Depositor Account Information**

Account Number: [REDACTED] Type of Account (CD/other): Public Fund Money Rate Savin  
 Account Name: City of Orange City - General Fund  
Full Name as it Appears on the Records of the Qualified Public Depository  
 Accountholder's Federal Employer Identification Number (FEIN): 59-0946992

**Qualified Public Depository (QPD) Information**

QPD's Full Legal Name: Branch Banking & Trust Company  
For Protection Under Chapter 280, Florida Statutes, Depository MUST be a QPD  
 QPD's Address: 255 S. Orange Ave, Ste 1000  
Orlando, FL 32801  
 QPD's FEIN: 56-0939887

**Public Deposit Identification**

I DECLARE that the above referenced account meets the definition of a public deposit pursuant to Section 280.02, Florida Statutes (F.S.), and is not exempt under the laws of Florida. A current Public Deposit Identification and Acknowledgment Form will be maintained as a valuable record of the public depositor. The current Public Deposit Identification and Acknowledgment Form with original signatures will need to be submitted in the event the above named QPD becomes insolvent or in default and a claim is filed with the Chief Financial Officer, State of Florida's office.

Signature for Public Depositor: C Davis Date: 10/6/08  
 Printed Name & Title: Christine Davis, Finance Director

**Qualified Public Depository Acknowledgment**

I ACKNOWLEDGE that the above referenced account has been identified to this QPD as a public deposit. Pursuant to Chapter 280, F.S., this account will be classified on the records of this QPD as a public deposit, collateralized as such, and reported as such on the Public Depository Monthly Report J1-1003, Public Depository Annual report J14-1004, and any other report of public deposits requested by the Chief Financial Officer, State of Florida.

Signature for Qualified Public Depository: Michael I. Smith Date: 10/8/08  
 Printed Name & Title: Michael I. Smith, Senior Vice President



MSRB Registration - Printable Summary

MSRB records include the following registration information for your organization as of 1/2/2013 4:09:10 PM Eastern

Organizational Details:

Organizational Type(s):

Organization Name : Larson Consulting Services , LLC  
MSRB ID: K0712  
Phone Number: 407 - 496 - 1597 Ext. 407  
Fax Number : 407 - 542 - 3791  
Address 1: 10151 University Blvd., # 117  
Address 2: City:  
State : Zip: Orlando  
Country: FL  
Primary Contact: 32817  
US

1. Municipal Advisor - Status: [Authorized](#)

Municipal Advisory Activities Include:

1. Financial Advisor
2. Swap/Derivative Advisor
3. GIC Broker/Advisor
4. Placement Agent

Municipal Advisor SEC ID: 866-00215-00

Optional Contact:

Billing Contact:

First Name : Jeffrey  
Middle Name : Thomas  
Last Name: Larson  
Name Suffix: Mr.  
Email Address : [jlaron@larsonconsults.com](mailto:jlaron@larsonconsults.com) 407  
Phone Number: - 496 - 1597 Ext.  
Address 1 : 10151 University Blvd.,  
Address 2:  
City: State Orlando  
: Zip: FL  
Country: 32817  
US

( None currently defined)

First Name : Jeffrey  
Middle Name : Thomas  
Last Name: Larson  
Name Suffix: Mr.  
Email Address : [jlaron@larsonconsults.com](mailto:jlaron@larsonconsults.com)  
Phone Number: 407 - 496 - 1597 Ext.  
Address 1: 10151 University Blvd.,  
Address 2 :  
City: Orlando  
State: Zip FL  
: 32817  
Country: US



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549



Orlando,  
The Secretary

July 23, 2014

IN THE MANNER OF:  
  
Larson Consulting Services, LLC, dba , Larson Consulting Services  
10151 University Blvd , # 117  
Orlando, FL 32817  
  
SEC FILE NO. : 867-00092  
  
Application Completion Date : July 22, 2014

ORDER GRANTING  
REGISTRATION PURSUANT  
TO SECTION 158 (a) (2) OF THE  
SECURITIES EXCHANGE ACT  
OF 1934

The above-named Applicant has completed its application with the Commission for registration as a municipal advisor pursuant to Section 15B(a)(2) of the Securities Exchange Act of 1934 (the "Act") on the above-referenced application completion date.

The Commission finds that the application contains the information prescribed under Section 15B(a)(2) of the Act and the rules thereunder. The Commission has not passed on the accuracy or adequacy of the information, and the effectiveness of Applicant's registration does not imply Commission approval or disapproval of Applicant's registration.

Accordingly, it is ORDERED, pursuant to Section 15B(a)(2) of the Act, that the Applicant's registration be, and hereby is granted, effective forthwith.

For the Commission, by the Office of Compliance Inspections and Examinations, pursuant to delegated authority.

Deputy Secretary



RAYMOND JAMES

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**CITY OF VENICE, FLORIDA**

Municipal Market Update and New Money Analysis  
May 2015

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**FLORIDA PUBLIC FINANCE**

**LARSON**  
Consulting Services, LLC





## DISCLAIMER

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Raymond James shall have no liability, contingent or otherwise, to the recipient hereof or to any third party, or any responsibility whatsoever, for the accuracy, correctness, timeliness, reliability or completeness of the data or formulae provided herein or for the performance of or any other aspect of the materials, structures and strategies presented herein. Raymond James is neither acting as your financial advisor nor Municipal Advisor (as defined in Section 158 of the Exchange Act of 1934, as amended), and expressly disclaims any fiduciary duty to you in connection with the subject matter of this Presentation.

Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires that we make the following disclosure to you at the earliest stages of our relationship, as underwriter, with respect to an issue of municipal securities: the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the issuer and it has financial and other interests that differ from those of the issuer.

Raymond James does not provide accounting, tax or legal advice; however, you should be aware that any proposed transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or legal counsel.

Raymond James and affiliates, and officers, directors and employees thereof, including individuals who may be involved in the preparation or presentation of this material, may from time to time have positions in, and buy or sell, the securities, derivatives (including options) or other financial products of entities mentioned herein. In addition, Raymond James or affiliates thereof may have served as an underwriter or placement agent with respect to a public or private offering of securities by one or more of the entities referenced herein.

This Presentation is not a binding commitment, obligation, or undertaking of Raymond James. No obligation or liability with respect to any issuance or purchase of any Bonds or other securities described herein shall exist, nor shall any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified unless and until (1) all necessary Raymond James, rating agency or other third party approvals, as applicable, shall have been obtained, including, without limitation, any required Raymond James senior management and credit committee approvals, (2) all of the terms and conditions of the documents pertaining to the subject transaction are agreed to by the parties thereto as evidenced by the execution and delivery of all such documents by all such parties, and (3) all conditions hereafter established by Raymond James for closing of the transaction have been satisfied in our sole discretion. Until execution and delivery of all such definitive agreements, all parties shall have the absolute right to amend this Presentation and/or terminate all negotiations for any reason without liability therefor.

## RAYMOND JAMES'S

# STIFEL

## Important Disclosure

Pursuant to revised Municipal Securities Rulemaking Board ("MSRB") Rule G-23 (the "Rule"), in connection with new issues for which the time of formal award occurs after November 27, 2011, a broker, dealer, or municipal securities dealer ("dealer") is prohibited from acting as a Financial Advisor or Municipal Advisor, as defined in Section 158 of the Exchange Act of 1934 (as amended), to an issuer for a particular issue sold on a negotiated or competitive bid basis and subsequently switching roles to act as underwriter or placement agent with respect to the same issue.

In compliance with the rules set forth by the MSRB, Stifel, Nicolaus & Company, Incorporated ("Stifel") is acting as an underwriter and not as a Financial Advisor or Municipal Advisor in connection with all services proposed and/or provided. MSRB Notice 2011-29 (the "Notice") defines "underwritings" as (i) the acquisition of all or any portion of an issue, directly or indirectly, from the issuer as principal, either alone or as a participant in a syndicate or other similar arrangement formed for that purpose and (ii) acting as an agent for the issuer in arranging the placement of an issue. Furthermore, the Rule states that an underwriter may provide advice concerning the structure, timing, terms, and other similar matters related to the issuance of municipal securities if (i) it clearly identifies itself in writing as an underwriter and not as a financial advisor from the earliest stages of its relationship with the issuer with respect to that issue; (ii) the writing makes clear the primary role of an underwriter is to purchase securities in an arm's-length commercial transaction between the issuer and the underwriter and that the underwriter has financial and other interests that differ from those of the issuer; and (iii) the dealer does not engage in a course of conduct that is inconsistent with an arm's length relationship with the issuer in connection with such issue of municipal securities. Accordingly, any such services provided by Stifel as they relate to our role as underwriter or placement agent should not be construed as those of a Financial Advisor or Municipal Advisor and such notice, as described above, is hereby provided as set forth in the Rule.

Text of the Notice and the revised rule can be found at: [www.msrb.org/rules-and-interpretations](http://www.msrb.org/rules-and-interpretations)



## **Stifel, Nicolaus & Company, Incorporated**

111 N. Magnolia Street, Suite 1175, Orlando, FL 32801  
(407) 956-6804 • (407) 649-2145 FAX • [www.stifel.com](http://www.stifel.com)

**LARSON**  
Consulting Services, LLC

Capital One-  
Public Funding



April 23, 2015

City of St. Pete Beach 155 Corey Avenue  
St. Pete Beach, Florida 33706

Attention: Wayne Saunders  
City Manager

Re: \$3,000,000  
City of St. Pete Beach, Florida  
Stormwater Utility System Revenue Note, Series 2015

Ladies and Gentlemen :

Thank you for selecting Capital One Public Funding, LLC ("COPF") as your financing source. We are delivering this letter to describe our role in the above-referenced financing ("Loan") and to assist with documenting certain aspects of the transaction.

COPF is not undertaking to act as a municipal advisor to you or any other person within the meaning of Section 15B of the Securities Exchange Act of 1934 and the municipal advisor rules of the Securities and Exchange Commission (Rule 15Ba-1 et seq.). We have no fiduciary duty to you or to any other person and intend only to enter into an arms-length transaction involving extending credit to you through the direct funding of the Loan.

All direct or indirect communications you have or will receive from us regarding this transaction consist solely of general information or the terms under which COPF may be willing to fund the Loan for COPF's own account. COPF is not recommending that you take an action with respect to this information, and you should discuss this information with such financial, tax, legal and other advisors as you deem appropriate.

In addition, we have attached to this letter the form of Lender Certificate, which further describes our role in this transaction. We intend to execute and deliver the Lender Certificate at closing for inclusion in the Loan transcript documentation.

Thank you again for doing business with us. We look forward to working with you.

Sincerely,

CAPITAL ONE PUBLIC FUNDING, LLC

By    
Vice President

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2229771

LARSON  
Consulting Services, LLC



## LENDER CERTIFICATE

I, \_\_\_\_\_, of Capital One Public Funding, LLC, Melville, New York ("COPF") do hereby certify as follows with regard to the \$ \_\_\_\_\_ [Lease Agreement][Bonds] (the "Loan Obligation"), dated \_\_\_\_\_, 20\_\_\_\_, [between COPF and][issued by] \_\_\_\_\_ (the "Borrower"):

1. COPP has full power and authority to carry on its business as now conducted, deliver this Certificate and make the representations and certifications contained herein.

2. COPP is a lender that regularly extends credit by purchasing loans in the form of state and local government obligations such as the Loan Obligation; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Loan Obligation and the risks associated with the purchase of the Loan Obligation; has the ability to bear the economic risk of extending the credit evidenced by the Loan Obligation; and is a limited liability company engaged in the primary business of extending credit and making loans to state and local governments and non-profit entities and has total assets in excess of \$1 billion. COPP is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its purchase of the Loan Obligation.

3. COPF has conducted its own investigation of the financial condition of the Borrower, the purpose for which the Loan Obligation is being executed and delivered and of the security for the payment of the principal of and interest on the Loan Obligation, and has obtained such information regarding the Loan Obligation and the Borrower and its operations, financial condition and financial prospects as COPP deems necessary to make an informed decision with respect to the purchase of the Loan Obligation.

4. COPP is purchasing the Loan Obligation represented by the [Lease Agreement][Bonds] as a vehicle for making a commercial loan for its own loan account and without any present intention of distributing or selling any interest therein or portion thereof, provided that COPF shall have the right at any time to assign, transfer or convey the Loan Obligation or any interest therein or portion thereof, but no such assignment, transfer or conveyance shall be effective as against the Borrower unless and until COPP has delivered to the Borrower written notice thereof that discloses the name and address of the assignee or the Loan Servicer (as hereafter provided) and such assignment, transfer or conveyance shall be made only to (i) an affiliate of COPF or (ii) banks, insurance companies or other financial institutions or their affiliates. Nothing herein or in any other document relating to the Loan Obligation shall limit the right of COPP or its assignees to sell or assign participation interests in the Loan Obligation to one or more entities listed in (i) or (ii), provided that any participation, custodial or similar agreement under which multiple ownership interests in the Loan Obligation are created shall provide the method by which the owners of such interests shall establish the rights and duties of a single entity, owner, servicer or other fiduciary or agent acting on behalf of all of the assignees (herein referred to as the "Loan Servicer") to act on their behalf with respect to the rights and interests of COPF under the Loan Obligation, including with respect to the exercise of rights and remedies of COPP on behalf of such owners upon the occurrence of an event of default under the Loan Obligation.



5. COPF acknowledges that the Loan Obligation (a) has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state, (b) will not be listed on any securities exchange and

(c) there is no established market for the Loan Obligation and that none is likely to develop. COPF understands and acknowledges that (i) its purchase of the Loan Obligation is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and (ii) in connection with its purchase of the Loan Obligation, the Borrower has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document.

6. COPF is acting solely for its own ban account and not as a fiduciary for the Borrower or in the capacity of broker, dealer, placement agent, municipal securities underwriter, municipal advisor or fiduciary. It has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the Borrower (including to any financial advisor or any placement agent engaged by the Borrower) with respect to the structuring, issuance, sale or delivery of the Loan Obligation. COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the Borrower (or any financial advisor or any placement agent engaged by the Borrower) with respect to the transactions relating to the structuring, issuance, sale or delivery of the Loan Obligation and the discussions, undertakings and procedures leading thereto. Each of the Borrower, its financial advisor and its placement agent has sought and shall seek and obtain financial, legal (including securities law), tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters and compliance with legal requirements applicable to such parties) with respect to the Loan Obligation from its own financial, legal, tax and other advisors (and not from the undersigned or its affiliates) to the extent that the Borrower, its financial advisor or its placement agent desires, should or needs to obtain such advice. The undersigned expresses no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, including but not limited to the Borrower's financial advisor or placement agent, or the correctness of any legal interpretation made by counsel to any other party, including but not limited to counsel to the Borrower's financial advisor or placement agent with respect to any such matters. The transactions between the Borrower and COPF are arm's length, commercial transactions in which COPF is acting and has acted solely as a principal and for its own interest and COPF has not made recommendations to the Borrower or any financial advisor or any placement agent engaged by the Borrower with respect to the transactions relating to the Loan Obligation.

DATED this \_\_\_ day of \_\_\_\_\_, 2015 .

CAPITAL ONE PUBLIC FUNDING , LLC

Name: - - - - -  
Title: \_\_\_\_\_

-  
Public Funding



April 23, 2015  
Larson Consulting Services  
10151 University Boulevard, #117  
Orlando, Florida 32817

Attention: Jeff Larson President

Re: \$3,000,000  
City of St. Pete Beach, Florida  
Stormwater Utility System Revenue Note Series 2015

Ladies and Gentlemen:

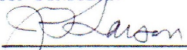
We are requesting that your client, City of St. Pete Beach, Florida, disclose in the attached letter that they are represented by your firm and will rely on your advice (with in the meaning of paragraph (d)(3)(v)(B) of Securities and Exchange Commission Rule 15Ba 1-1, the "Municipal Advisor Rule") with respect to the transaction in which Capital One Public Funding, LLC is acting as lender.

Please sign where indicated below and return via email to our counsel, Chapman and Cutler LLP attention Roseunne Vega (e-mail: vega@chapman.com) to acknowledge that (i) your firm is registered as a municipal advisor with the SEC and the Municipal Securities Rulemaking Board; and (ii) the Associated Individuals (as defined in the guidance of the SEC's Office of Municipal Securities under the Municipal Advisor Rule) for purposes of your firm's representation of City of St. Pete Beach, Florida have not been employed by Capital One Public Funding LLC or its affiliates in the past two years.

Sincerely,

CAPITAL ONE PUBLIC FUNDING, LLC

By \_\_\_\_\_  
Maryann Santos, Vice President  
ACKNOWLEDGED AND AGREED TO:  
G SBRVCES

LARSON CONSULTING  
By:   
Authorized Representative  
Jeffrey T. Larson, President

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RBC Capital Markets

100 2<sup>nd</sup> Avenue South, Suite 800  
St. Petersburg, Florida 33701 (727)  
895-8871



August 7, 2014

Mr. Jeff Snyder, CPA Director of Finance City of Venice  
40 I West Venice Avenue  
Venice, FL 34285

Dear Jeff:

The U.S. Securities and Exchange Commission has a Municipal Continuing Disclosure Cooperation (MCDC) initiative for bond issuers and underwriters to self-report any materially inaccurate statements regarding issuer compliance with their continuing disclosure obligations made in official statements over the past five years. The deadline for underwriters to self-report is September 9, 2014 and the deadline for issuers to self-report has been extended to December 1, 2014. RBC Capital Markets is participating in the MCDC initiative and we are evaluating instances where our issuer clients may have had compliance oversights that were not disclosed in their official statements.

Like many other broker-dealers, we have retained the services of Digital Assurance Certification, L.L.C. (DAC) to help us review our clients' official statements over the last five years, and continuing disclosure filings over a longer period, for all bond offerings where we served as sole or senior manager. *Our and DAC's preliminary analysis indicates that you do not have any materially inaccurate disclosures concerning your continuing disclosure obligations in your official statements over the past five years where RBCCM served as sole or senior manager.* We ask you to please advise us, however, if you disagree and intend to self-report any continuing disclosure inaccuracies in your official statements to the SEC. Given the upcoming deadline, please contact us by August 15 if you intend to self-report so that our Legal and Compliance Departments have adequate time to review and evaluate your findings.

Please contact me or our Director of Policy and Procedures, Brian Helberg, at 612-371-7930 if you have any questions about this request. We greatly appreciate your choosing RBC Capital Markets as your underwriter, and we thank you for your assistance in this important effort.

Sincerely,

Julie Santamaria Director  
(727) 895-8871

cc: RBC Legal and Compliance Departments

LARSON  
Consulting Services, LLC