

**AGREEMENT BETWEEN THE
CITY OF LEESBURG, FLORIDA
AND LARSON CONSULTING SERVICES**

THIS AGREEMENT made and entered into this 27th day of July, 2009 by and between the City of Leesburg, Florida (herein called the “City”) and Larson Consulting Services, LLC (herein called the “Financial Advisor” or “Larson Consulting”).

WITNESSETH:

WHEREAS, the City has determined that it is in its best interest to continue to retain the Financial Advisor to advise the City with respect to certain financial, capital planning, economic development, budget, project analysis, financing, refunding, and investment matters; and

WHEREAS, the City has determined to retain the Financial Advisor; and

WHEREAS, the Financial Advisor is well qualified by experience and capability of performing such financial advisory and consulting services, and brings extensive prior experience of the City’s General Fund and Enterprise operations, credit history, current projects and proposed projects, and knowledge to this engagement having also previously served the City since 2003; and

WHEREAS, the Financial Advisor is desirous of continuing to provide financial advisory, consulting, investment, and other general support services to the City.

NOW THEREFORE, the City and the Financial Advisor agree as follows:

A. TERM OF AGREEMENT:

The term of this Agreement commences the date of acceptance and continues until August 1, 2014. Thereafter, the City may chose to extend this Agreement for up to three (3) additional one (1) year periods.

B. SERVICES PROVIDED BY THE FINANCIAL ADVISOR:

The services to be performed by the Financial Advisor on behalf of the City related to a financing or refunding shall include those financial advisory and consulting support services covered under this Section B. Other financial advisory or support

services are covered in Sections D and E. Nothing herein shall limit the City's right to obtain proposals or services from other professionals for similar services.

B.1. GENERAL SERVICES

1. As requested by the City, attend and/or make presentations at public and staff meetings.
2. Review the City's capital improvement plan/budget and assist in developing a strategic capital financing plan. This would include current projects and future needs of the City.

B.2. INVESTMENTS

1. As requested by the City, attend and/or make presentations at public and staff meetings.
2. Provide ongoing assistance to the City with its investment needs.
3. Assist in developing and implementing (a) an investment strategy for proceeds from any financings and other funds available to enhance overall financing plan and (b) general investment plan of the City.

B.3. FINANCING/REFUNDING/LEASE FINANCINGS

If bonds, notes, bank debt, capital leases, or other debt instruments or leases ("Obligations") are sold and delivered by the City, the Financial Advisor shall perform, but will not be limited to performing, the following services:

1. Advise and assist the City in structuring bond, capital lease, or bank debt financings or refundings in accordance with the City's financing needs and capital program. The Financial Advisor will also assist the City in the review of any financing, refunding, defeasance, or leasing proposal. This includes determining the principal amount of issues, establishing maturity schedules, analyzing the feasibility of various features such as calls, puts, premiums and fixed or variable rates, advising as to method of sale, and determining the timing of the sale.
2. If applicable, assist the City in the presentation of material to any potential bank lenders or lessors, and assist with any negotiations with banks or lessors in the arrangement of any bank debt or lease obligations.

3. Prepare time schedules with Bond Counsel and Disclosure Counsel, and coordinate actions of the financing team, if appropriate, to assist the City in meeting its objectives and needs.
4. Review, in cooperation with the City Staff, City Attorney, Bond Counsel, and Disclosure Counsel, bond resolutions and other legal documents necessary for the successful issuance of Obligations.
5. Review all other materials for official bond documents, bank debt or lease related documents prepared by City Staff, counsel, auditors and consultants.
6. Assist the City and City's Bond Counsel in the preparation of validation proceedings, if applicable, and attend and testify, if requested, for the City as an expert witness on the plan of finance.
7. On bond or lease purchase financings, assist Disclosure or Underwriter's counsel in the preparation of the preliminary official statement and final official statement in cooperation with the appropriate City officials and City Attorney in conformance with full primary disclosure and continuing secondary disclosure guidelines and requirements per SEC Rule 15c2-12. This may also include assisting Staff with the retention of a recommended Dissemination Agent for continuing disclosure requirements.
8. If applicable, supply the necessary information to communicate with the major bond rating agencies and/or bond insurers or other providers of credit enhancement to obtain, and/or maintain the best possible credit enhancement and/or underlying credit rating on City Obligations (if such rating or credit enhancement is determined to be in the best interest of the City and its financing program). Assist in negotiations/presentations to the rating agencies, bond insurers, investors, or financial institutions, as applicable.
9. If applicable, and for bond or lease purchase financings, assist in developing bids to obtain costs for printing for the preliminary and final official statements, bonds and other printing requirements, as well as evaluating such bids and arranging for the printing thereof.
10. Assist in developing and evaluating bids for registrar, paying agent, escrow agent or trustee, verification agent and arbitrage consultant, as these services are required.

11. Assist in restructuring or refunding any existing Obligations and the negotiations involved therein, including any work associated with obtaining debt service reserve surety insurance, underlying ratings, etc.
12. If the Obligations are to be sold by competitive public sale:
 - a. Assist the City Attorney, Bond Counsel and Disclosure Counsel in the preparation of a notice of sale, bid form and other materials necessary to market the obligations and arrange for the necessary advertisements in The Bond Buyer and other publications that will help promote the sale. This may include an electronic internet-based platform for a competitive sale.
 - b. Assist in distributing the preliminary official statement to a large list of municipal bond underwriters and potential institutional purchasers, and take such actions as deemed necessary to help develop market exposure of the Obligations.
 - c. Assist the City at the time of the public sale including evaluating all bids for compliance with bid specifications, verifying the true interest cost of bids received, and making a recommendation as to the award of the Obligations in the best interest of the City.
13. If Bonds are to be sold by negotiated sale, or bank debt or lease financings are arranged, the Financial Advisor will:
 - a. Following the City's retention of underwriters, banks or lessors, assist the City in the evaluation of the underwriter's, banker's or lessor's bids in relation to interest rates, gross spread, all-in-cost, fees, terms and covenants. Any bank or lease proposal will be compared with other options available at that time.
 - b. Assist the City in any negotiations regarding the underwriter's bond purchase contract, bank documents, or lease financing documents. This includes providing current market information and a report and recommendations to Staff and the City Commission, as requested.
14. Arrange for the signing and delivery of the Obligations to either the underwriter(s), bankers or lessors and assist Bond Counsel with the arrangements for a successful closing for the Obligations.

C. COMPENSATION TO FINANCIAL ADVISOR:

C.1. BOND OR LONG-TERM LEASE PURCHASE (“COP”) FINANCINGS

The City shall pay to the Financial Advisor a fee in accordance with the following Fee Schedule:

\$ 5,000 Fee for any issue up to \$2,500,000.

\$7,500 Fee for any issue from \$2,500,001 to \$5,000,000.

\$17,500.00 Minimum Fee for any issue over \$5,000,000, plus 0.85 per \$1,000 for issues between \$20,000,001 and \$40,000,000, plus 0.65 per \$1,000 for issues over \$40,000,000.

If the City receives a legal bid for the Obligations from a bona fide purchaser which complies with the bid specifications and offers acceptable interest rates, and thereafter, the City decides not to issue the Obligations, the Financial Advisor will be paid the appropriate compensation as set forth in this Section C.1.

C.2. BANK ,PRIVATE PLACEMENT OR LEASE FINANCING

The City will pay to the Financial Advisor a reduced fee in accordance with the following Fee Schedule:

\$5,000 Fee for any issue up to \$2,500,000.

\$7,500 Fee for any issue from \$2,500,001 to \$5,000,000.

\$17,500 Minimum Fee for any issue over \$5,000,000, plus 0.85 per \$1,000 for issues between \$20,000,001 and \$40,000,000, plus 0.65 per \$1,000 for issues over \$40,000,000.

C.3. ANNUAL RETAINER

The City agrees to pay the Financial Advisor, as compensation for general and ongoing financial advisory, consulting and general support services, a base monthly retainer of \$3,000.00 payable monthly on the 1st of each month by check or wire transfer. The Financial Advisor agrees to provide City Staff quarterly in arrears with a written memo outlining how to allocate this base retainer internally, and to review the level of base retainer compensation annually with City Staff to insure that the level of base compensation is appropriate.

The Financial Advisor also agrees to provide City Staff, at its request and subject to City approval, with a Scope of Services for a specific project that may involve time and expenses above those typically covered by the monthly retainer. This Scope of Services will set forth the Project Assignment, estimated timeframe for the project, a targeted work product to be delivered by the Financial Advisor, and a not to exceed level of compensation and capped expenses. This Scope will be subject to general City approval process and mutually acceptable to both parties. To the extent that there are unallocated portions of the base monthly retainer, then quarterly in arrears the Financial Advisor agrees to account for absorb the cost of any Scope of Services work under the monthly retainer, and then have the additional work covered by the respective Scope of Services.

C.4 OUT OF POCKET EXPENSES

Reimbursable out-of-pocket expenses, and computer/structuring/quantitative analysis fees, as noted in this Agreement, include the following items and other miscellaneous expenses:

- Travel, Lodging and Meals – Air Travel will be booked in coach class as as far in advance as reasonably possible in coordination with City. Lodging and meals will be reimbursed at Federal Per Diem rates in effect at the time the expense is incurred for the region. Any exceptions require City approval and City agrees to provide the Financial Advisor with this information.
Private Vehicle Mileage- Reimbursed for actual miles at the Internal Revenue Service rate in effect at the time travel occurred, and City agrees, upon request, to provide the Financial Advisor with this information.
- Courier Service
- Facsimile (\$2.00 per facsimile)
- Photo Copies (\$0.15 per page)
- Long Distance, Cellular, and Conference Telephone Charges

- 3rd Party expenses such as advertising or investor tombstones incurred on behalf of the City
- Administrative and Accounting Support
- Computer Structuring and Quantitative Support fees

D. GENERAL SERVICES

In addition to the general financing or refunding related services tied to a financing or refunding authorized by the City noted in Section B, the Financial Advisor agrees to be available to advise the City from time-to-time as to capital planning, community redevelopment programs, investment studies, referendum assistance, economic development, public private partnership project analysis, project finance analysis and budget/planning matters. In addition, we agree to work with the City Staff in preparing and reviewing Request for Qualifications, and recommendations related thereto, for members of the Finance Team including underwriters, banks, consulting engineers, rate consultants, legal counsel, architects, land planning consultants, master developers as part of a Public Private Partnership, Public Partnership or Joint Venture contractual arrangements, feasibility consultants and others, as needed. Additional services may include work related to debt capacity analysis, financial planning, capital planning and feasibility for the City's capital improvement program for the General Fund or Enterprise Units, review of the existing General Fund or Enterprise debt, and City revenue forecasts. Services may also include a review of financing proposals received by the City from banks, underwriters or lessors, tax matters, CDD petition applications, economic and community development, and referendum issues.

This may also include our recommendations to the City Staff of structured finance and/or bond proceeds investment ideas, as noted below:

D.1. INVESTMENT ADVISORY SERVICES

If requested and authorized by the City, we will assist the City to review and or provide for investment advisory services and/or with the arrangement, either by negotiation or bid, of any investment products for bond proceeds, open market or escrows, including but not limited to investment contracts, flexible repurchase agreements, or structured portfolios as they may become appropriate to meet the City's Financing/Refunding Plan, Investment Policies and/or to maximize or optimize investment earnings in respective funds. We note that the City has currently contracted for investment advisory services with Davidson Fixed Income Management, ("DFIM"), a SEC Registered Investment Advisor Firm, as the City's Investment Advisor. The terms and conditions of the City's

engagement of DFIM are set forth in a written agreement signed by the City and by DFIM.

The fee for structured finance investment products is expected to be approximately 5 basis points, calculated on the average amount of funds invested. However, such investment product fee typically is paid at closing to Larson Consulting Services directly by the investments provider, and shall be set forth in the separate documents covering the specific transaction and fully disclosed to the City Staff.

D.2. INTEREST RATE HEDGING ADVISORY AND STRUCTURED FINANCE SERVICES

If requested and authorized by the City, we will assist the City in reviewing any interest rate hedging or structured finance products, (i.e., interest rate caps, collars, swaps, debt service deposit agreements). This may include the additional services of an industry reputable broker working with Larson Consulting, City Staff and Bond Counsel, as needed, to insure that the City is receiving a market bid appropriate to the City's investment and financial objectives. The fee for such services shall be negotiated with the City and based on the size of the interest rate-hedging contract with a minimum fee of \$5,000.00. These fees paid to Larson Consulting at closing by the interest rate hedging or structured finance products provider will be based on standard fees for transactions of this type in the capital markets industry, shall be set forth in the separate documents covering the specific transaction, and fully disclosed to City Staff in writing.

If the Financial Advisor assists the City in these areas in Section D for general monthly retainer or Scope of Services or in other areas not covered under Section C., at the request of the City Representative under this Agreement, the Financial Advisor shall be paid on an hourly basis for all time expended by its personnel. The hourly rates shall be as follows:

President:	\$250.00/Hour
Senior Vice President or Company Counsel:	\$210.00/Hour
Vice President or Assistant Vice President:	\$165.00/Hour
Associate:	\$110.00/Hour
Administrative Support:	\$ 35.00/Hour

In addition to such hourly fees, the Financial Advisor's expenses will be payable by the City as set forth in Section C.4.

E. OBLIGATIONS OF THE CITY:

1. Provide the Financial Advisor, without charge, copies of financial or planning documents, Commission presentation material, engineering reports, bank and investment records, legal opinions and other pertinent disclosure or other documentation as the Financial Advisor may reasonably require in order to provide services as outlined herein.
2. Employ, when required, qualified City Attorney, Bond Counsel, Disclosure Counsel, Consulting Engineers, and Feasibility Consultants, whose services in connection with the planning and preparation for the marketing of Obligations will be available to the Financial Advisor.
3. Pay all expenses relating to the issuance, sale and delivery of the Obligations including, but not limited to:
 - a. Fees and expenses of Bond Counsel, Disclosure Counsel, City Attorney, Consulting Engineers, Feasibility Consultants, auditors, bond registrar, paying agent, trustee, bank fees and expenses, lessor's fees and expenses, engineers and any other consultants and advisors retained by the City and necessary for the completion of the financing and refunding.
 - b. Cost of holding elections, if applicable.
 - c. Cost of printing and distribution of preliminary and final official statements and bonds, if applicable.
 - d. Cost of preparing and placing required legal publications.
 - e. Cost of obtaining ratings from the major rating agencies, including costs of any presentation thereto and fees and or premiums charged thereby.
 - f. Cost of obtaining bond insurance, credit enhancement, debt service reserve surety policies, bank or leasing facilities, including cost of any presentation thereto and fees and or premiums charged thereby.
 - g. Any expenses relative to the validation process, including court costs, travel expenses, if any, and local advertising.

- h. Cost of printing, authenticating and delivery of the Obligations to the initial underwriter(s).
- i. Cost of closing, including travel and lodging for City and City Staff officials. These expenses may initially be handled by the Financial Advisor when coordinating out-of-state travel, but will be reimbursed to the Financial Advisor by the City.

F. REQUEST FOR FINANCIAL ADVISOR TO BID:

Larson Consulting, as the City's Financial Advisor, will not bid on any Obligation advertised for public sale unless specifically requested to do so in writing by the City Manager or Finance Director. When serving as the Financial Advisor, Larson Consulting retains the right to purchase or sell any Obligations of the City in the open market following completion of the initial purchase and distribution of the obligations in the secondary market and provide investments on a transactional basis to the City following standard market practices.

G. STAFF SUPPORT:

The Financial Advisor agrees to provide the following Principal Contact Officer, other members of the firm, and professional subconsultants, as needed, to assist the City in the implementation of this Agreement:

Principal Contact Officer

- Jeff Larson, President

Larson Consulting Support Team

- Larry Aubrecht, Senior Vice President and Quantitative Team Leader
- John P. Moran, CPA, Vice President and Quantitative Analyst
- Nicole Larson, Associate
- Lou Frey, Esq., Corporate Counsel, Larson Consulting, Lowndes Drosdick
- Lester Abberger, Government Grants, State/Federal Support Services, Florida Lobbyist Associates

Support Team (Continued)

- Robert Koch, Land Entitlement/Economic Development Services, Chairman, Group One Consultants
- Others, as directed by Mr. Larson, as needed

H. TERMINATION:

Either the City or Financial Advisor may cancel and terminate this agreement upon thirty (30) days written notice to the other party, and at that time, all responsibility under this Agreement will terminate.

In the event of termination or expiration of the Agreement prior to the closing of any Obligations and after work has by the Financial Advisor, the Financial Advisor will be reimbursed for all fees, costs and expenses actually incurred by them through and including the date of termination as set forth in Sections C and D.

I. APPROVAL OF PERSONNEL:

The City reserves the right to approve the contact person and the persons actually performing the professional services on behalf of Larson Consulting pursuant to this Agreement. If the City, in its sole discretion, is dissatisfied with the contact person or the persons actually performing the services on behalf of the Financial Advisor pursuant to this Agreement, City may require the Financial Advisor to assign different person or persons to be the contact person or to perform the Financial Advisor services hereunder.

J. AUTHORIZED REPRESENTATIVES:

The Authorized Representative and primary contact person under this Agreement for the Financial Advisor shall be Jeffrey T. Larson. Authorized Representatives for the City shall be the City Manager and Finance Director. The primary contact person under this Agreement for the City shall be Jerry Boop, Finance Director.

K. GOVERNING LAW:

The laws of the State of Florida shall govern the validity of this Agreement, is interpretation and performance, and any other claims related to it. In the event of any litigation arising under or construing this Agreement, venue shall lie only in Lake County, Florida.

L. DISCLOSURE OF CONFLICT:

The Financial Advisor has an obligation to disclose to the City any situation that, while acting pursuant to the Agreement, would create a potential conflict of interest between the Financial Advisor and his duties under this Agreement.

IN WITNESS WHEREOF the parties hereto affixed their hands and seals by official duty empowered on the day and year first above written.

THE CITY OF LEESBURG, FLORIDA

By: _____
Mayor

ATTEST:

City Clerk

Approved as to form:

City Attorney

LARSON CONSULTING SERVICES

By: _____

Printed: _____

Its: President

Date: _____