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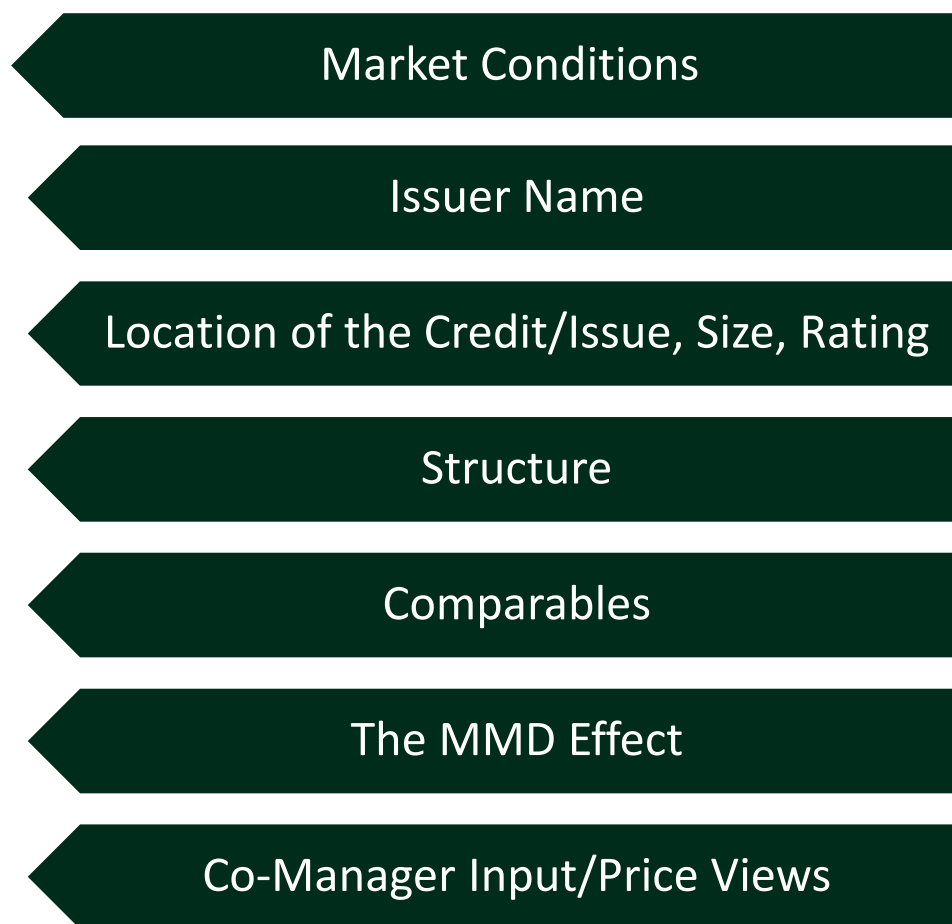
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Role of the Underwriter in the Municipal Marketplace

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Formulation of a Scale



The Premarketing Process

- Send out a wire to Co-Managers and Internal Sales force
- Have a dialogue with the investor universe to gauge interest
- Establish a solid handle on potential investors as well as those not participating and why



Pricing the Transaction

- The Order Period
- Dissemination of the Pricing Wire
- Order Entry
- Tabulation of Orders



Analyzing the Book of Business

- Make adjustments and communicate those adjustments to investors



Making a Bid to Underwrite

- Purchase the bonds upon terms and conditions mutually acceptable to the issuer and the underwriter(s) pursuant to the bond purchase agreement. Allot bonds pursuant to established priority of orders.



Group Net vs. Net Designated

- Group Net Order is one where the sales credit for the order is shared by members of the syndicate, based on their participation. A member may designate their orders as a group net order to give them a better chance of being filled.
- A Net Designated order entered by an institution for a new issue of municipal bonds states which firm is going to get the sales credit for the order.

Group Net vs. Net Designated

PRIORITY OF ORDERS AS FOLLOWS:

1. Group Net
2. Member Priority Policy:

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

Syndicate Liability

Firm A	40%
Firm B	20%
Firm C	20%
Firm D	20%

Group Net vs. Net Designated

PRIORITY OF ORDERS AS FOLLOWS:

1. Resident of the District
2. Net Designated
3. Member

RETAIL REQUIREMENTS:

1. A "District Resident" retail order is defined as an order submitted on behalf of an individual residing within the boundaries of the District.
2. Retail orders DO NOT include trust departments, money managers or investment advisors.
3. Zip codes will be required for all retail orders submitted.
4. The District, the Financial Advisor reserve the right to verify all "District Resident" retail orders.

PRIORITY POLICY:

The Senior Manager requests the identification of all priority orders at the time the orders are entered.

1. At least 4 firm(s) must be designated.
2. No firm may receive more than 50.00% of any designation.
3. Each designee must receive a minimum of 10.00% for each priority order.

The Senior Manager will pay out all designations.

Syndicate Liability

Firm A	40%
Firm B	20%
Firm C	20%
Firm D	20%