



MULTI-BANK
SECURITIES, INC.®

Investing Public Funds in an Uncertain Environment

November 9, 2015

Registered with the SEC and MSRB
Member of FINRA and SIPC

Here at VACo

- Peter Torvik, Senior Vice President
 - Series 7, 24 and 63
- Greg Pagans, Vice President
 - Series 7, 24 and 63

Message

- Association Program – Where We Fit
 - Endorsed by NACo and VACo
- Investments Still Matter
 - Interest Rates are Going Up
 - JUST DON'T ASK ME WHEN, EXACTLY
 - Prepare NOW!
- Simple Tools to Manage Investments in This Environment

Association Programs

- Where We Fit
 - ✓ Legacy Programs
 - ✓ Program Enhancements
 - ✓ Innovations
- **Associations seek and deliver programs that make county government work better.**
 - **Better – Faster – Cheaper**

The Partnership

- In 2014, NACo Partnered with MBS
 - Bring **eConnectDirect**® to Public Funds Treasurers
- In 2015, VACo Joined the Partnership

**An Informative Tool To Help Manage Investments
In Every Environment**

- **Online, No-Cost System**
 - Assigned Representative for Consultation and Support
 - Provides Market Information and Tools Not Available Elsewhere without Cost
 - Developed by MBS for Use by Public Funds Treasurers

- **On-Demand Market Intelligence**
 - Search and Compare Securities by Class and Type
 - Online Execution and Order Management Capabilities
 - View Maturity Distribution and Cash Flows

Investments Still Matter!

Interest Rates and Their Effects on County Finances

Municipality “A”



Municipality “A”

	<u>2007</u>	<u>2009</u>	<u>2014</u>	<u>9/1/15</u>
Property taxes	32,154,829	34,622,390	40,179,586	
Investments	36,905,944	36,550,027	42,752,528	
Investment earnings	1,803,537	852,078	162,675	
Investments Earnings/Investments	4.80%	2.30%	0.38%	
Pool 6/15	5.04% (11/07)	0.60%	0.11%	0.24%
1-mo T-bill	4.46%	0.08%	0.03%	0.01%
5-yr Treasury	5.10%	2.75%	1.71%	1.49%

Municipality “B”



Municipality “B”

	2007	2009	2014	9/1/15
Property taxes	9,237,135	10,218,000	12,266,142	
Investments	6,542,742	7,340,270	11,356,524	
Investment earnings	240,123	66,828	29,077	
Investments Earnings/Investments	3.63%	0.90%	0.20%	
Pool 6/15	5.04% (11/07)	0.60%	0.11%	0.24%
1-mo T-bill	4.46%	0.08%	0.03%	0.01%
5-yr Treasury	5.10%	2.75%	1.71%	1.49%

Municipality “C”



Municipality “C”

	2007	2009	2014	9/1/15
Property taxes	5,374,150	6,252,363	6,986,904	
Investments	12,659,005	12,225,760	17,820,458	
Investment earnings	496,992	159,206	48,193	
Investments Earnings/Investments	3.92%	1.30%	0.27%	
Pool 6/15	5.04% (11/07)	0.60%	0.11%	0.24%
1-mo T-bill	4.46%	0.08%	0.03%	0.01%
5-yr Treasury	5.10%	2.75%	1.71%	1.49%

Investment Return Comparisons



	2007	2009	2014	9/1/15
<u>Muni A</u>				
Investment	4.80%	2.30%	0.38%	
<u>Muni B</u>				
Investment	3.63%	0.90%	0.20%	
<u>Muni C</u>				
Investment	3.92%	1.30%	0.27%	
1-mo T-bill	4.46%	0.08%	0.03%	0.01%

Bond Ladder

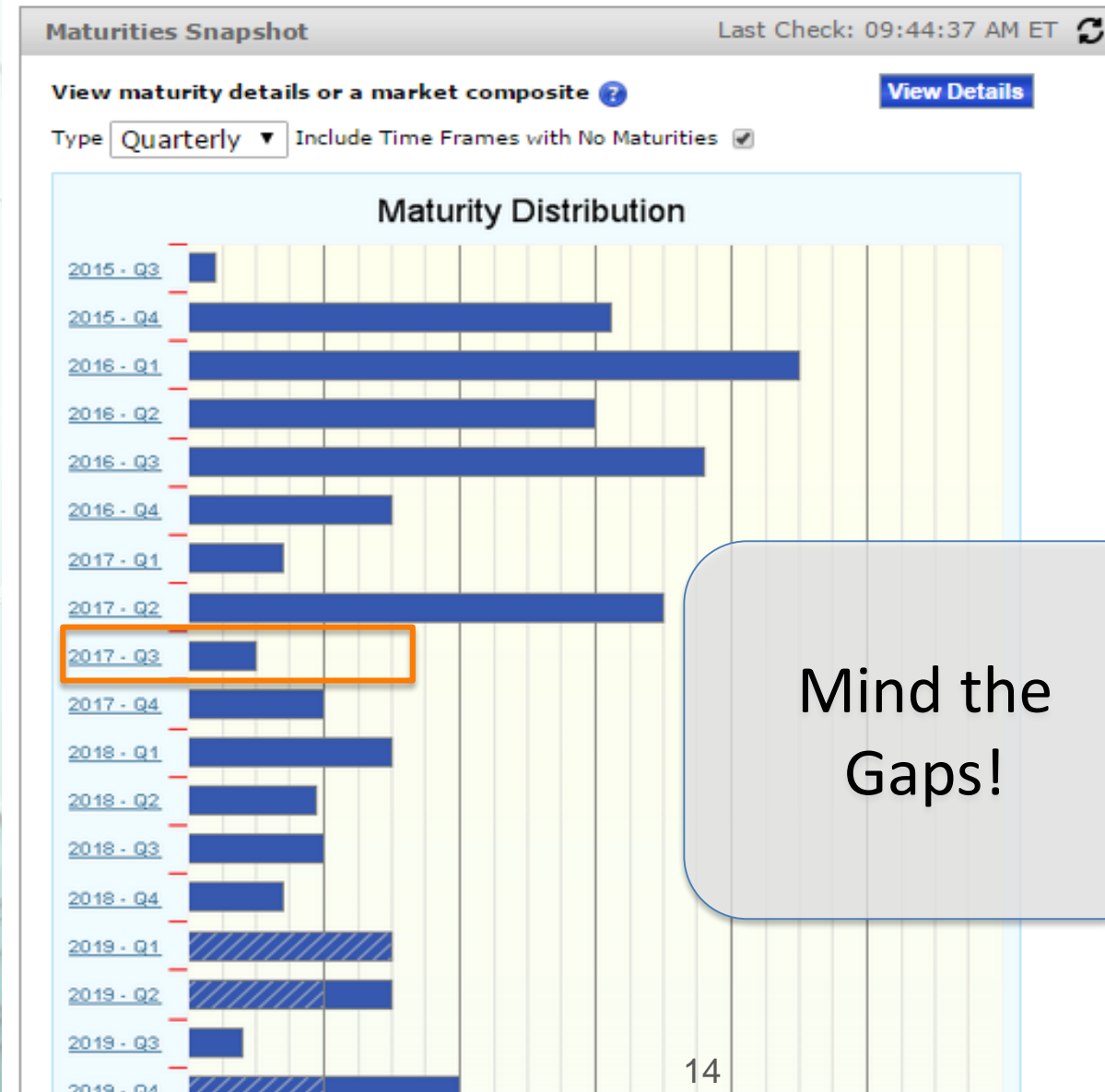
A portfolio of fixed-income securities in which each security has a significantly different maturity date. The purpose of purchasing several smaller bonds with different maturity dates rather than one large bond with a single maturity date is to minimize interest rate risk and to increase liquidity. In a bond ladder, the bonds' maturity dates are evenly spaced across several months or several years so that the bonds are maturing and the proceeds are being reinvested at regular intervals. The more liquidity an investor needs, the closer together his bond maturities should be.

- Spread Out Maturities
- Manage Cash Liquidity
- Reduce Risk

Read more: Bond Ladder Definition | Investopedia

<http://www.investopedia.com/terms/b/bondladder.asp#ixzz3kWQvKJL6>

Maturity Snapshot



Mind the
Gaps!

Market Composite

eConnectDirect

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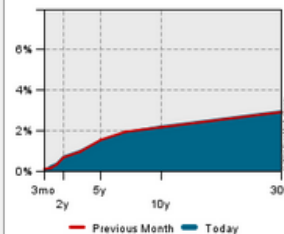
Your Market Composite for 7/1/2017 to 9/30/2017. We have prepared the composite below to reflect what is available to you in the market for this time period. "Best in market" reflects offers with the highest YTM. For a full market composite select "View Market" in the categories below or from the "Market Quick Links."

Your Maturities Summary

Month	Principal	WAC*	Positions/Order Details
September	\$250,000.00	5.850	Positions

*Ready to submit and submitted orders waiting approval are not included in the WAC.

Treasuries



US Treasury Type	Today
US 3 MO	0.040
US 6 MO	0.253
US 1 YR	0.357
US 2 YR	0.720
US 3 YR	1.024
US 5 YR	1.517
US 7 YR	1.906
US 10 YR	2.177
US 30 YR	2.937

[View Market](#)

CD Marketplace

52 CDs with a YTM ranging from 0.400 to 1.300

[View Market](#)

Best In Market

☒ Include eConnectDirect Offers

Maturity Date	Issuer	Coupon	Price	YTM	YTC	YTW	
New Issue Bullet							View
9/5/2017	FirstBank Puerto Rico	1.300%	100.000	1.300	n/a	1.300	
Secondary Bullet							View
7/27/2017	GE CAPITAL RETAIL BANK - DRAPER, UT	1.800%	101.171	1.168	n/a	1.168	
8/31/2017	COMPASS BANK	1.300%	100.000	1.300	n/a	1.300	
9/19/2017	SALLIE MAE BK MURRAY UTAH	1.600%	100.753	1.220	n/a	1.220	
eConnectDirect							
7/2/2017	Crestmark Bank	1.000%	100.000	1.000	n/a	1.000	
8/2/2017	Crestmark Bank	1.000%	100.000	1.000	n/a	1.000	
9/5/2017	Banco Popular de Puerto Rico	1.260%	100.000	1.260	n/a	1.260	

US Agencies

76 agencies with a YTM ranging from 0.638 to 1.362

[View Market](#)

Best In Market

Maturity Date	Issuer	Coupon	Price	YTM	YTC	YTW	
Bullet							View
7/3/2017	FHLB	0.875%	100.161	0.786	n/a	0.786	
8/23/2017	FAMCA	1.030%	100.366	0.843	n/a	0.843	
9/26/2017	FHLMC	1.000%	100.315	0.846	n/a	0.846	
Fixed Callable							View
7/28/2017	FHLB	1.250%	100.675	0.891	0.500	0.500	
8/2/2017	FHLB	0.850%	99.965	0.868	1.018	0.868	
9/18/2017	FHLB	1.750%	100.826	1.338	0.223	0.223	
Other Callable							View
7/28/2017	FHLMC	0.750%	100.250	1.362	0.271	0.271	

- Simple Intuitive Design
- No New Hardware

Market Quick Links

Search Results

[Search](#) [Reset Criteria](#)

Show entries

Callable bonds with no future call dates are displayed as bullets.
Order quantities are not confirmed until purchase has been completed.
(ni) New Issue (c) Callable (s) Step Coupon

Settle Date	Maturity Date	Issuer	CUSIP	Term (Years)	Coupon	Price	Call Frequency	Call Protection (Months)	YTM	YTW	YTC	Qty (Par Amount)	Amount (Par Amount)	Buy (Par Amount)
9/14/2015	9/14/2020	FHLMC (ni) (c)	3134G7SX0	5	2.000%	100.350	Quarterly	6	1.926	1.296	1.296	5,900,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7XD8	5	2.000%	100.000	Quarterly	3	2.000	2.000	2.000	7,200,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7XD8	5	2.000%	100.100	Quarterly	3	1.979	1.598	1.598	10,000,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7XD8	5	2.000%	100.100	Quarterly	3	1.979	1.598	1.598	6,000,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7XD8	5	2.000%	100.000	Quarterly	3	2.000	2.000	2.000	8,000,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7VJ7	5	2.000%	100.000	Quarterly	3	2.000	2.000	2.000	3,750,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7UY5	5	2.000%	100.000	Quarterly	3	2.000	2.000	2.000	5,000,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7UY5	5	2.000%	100.000	Quarterly	3	2.000	2.000	2.000	5,000,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c)	3134G7UY5	5	2.000%	100.000	Quarterly	3	2.000	2.000	2.000	5,000,000	<input type="text"/>	<input type="checkbox"/>
9/14/2015	9/14/2018	FNMA (ni) (c)	3136G2LR6	3	1.750%	101.094	Onetime	12	1.377	0.651	0.651	50,000,000	<input type="text"/>	<input type="checkbox"/>
9/14/2015	9/14/2018	FNMA (ni) (c)	3136G2LR6	3	1.750%	101.069	Onetime	12	1.385	0.676	0.676	15,000,000	<input type="text"/>	<input type="checkbox"/>
9/11/2015	9/11/2019	FHLMC (ni) (c)	3134G7XB2	4	1.650%	100.000	Quarterly	6	1.650	1.650	1.650	1,930,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2019	FNMA (ni) (c)	3136G2LQ8	4	1.650%	100.000	Quarterly	6	1.650	1.650	1.650	1,930,000	<input type="text"/>	<input type="checkbox"/>
9/3/2015	9/3/2019	FFCB (ni) (c)	3133EFCJ4	4	1.630%	100.000	Anytime	3	1.630	1.630	1.630	4,725,000	<input type="text"/>	<input type="checkbox"/>
9/9/2015	9/9/2019	FFCB (ni) (c)	3133EFCG0	4	1.550%	100.000	Anytime	12	1.550	1.550	1.550	23,000,000	<input type="text"/>	<input type="checkbox"/>
9/22/2015	9/22/2020	FHLMC (ni) (c) (s)	3134G7VT5	5	1.500%	100.000	Quarterly	3	2.134	1.500	1.500	15,000,000	<input type="text"/>	<input type="checkbox"/>
9/28/2015	12/28/2018	FHLMC (ni) (c)	3134G7TL5	3.2	1.500%	100.310	Quarterly	3	1.402	0.259	0.259	11,250,000	<input type="text"/>	<input type="checkbox"/>
9/29/2015	3/29/2019	FHLMC (ni) (c)	3134G7WA5	3.5	1.500%	100.000	Quarterly	3	1.500	1.500	1.500	500,000	<input type="text"/>	<input type="checkbox"/>
9/29/2015	3/29/2019	FHLMC (ni) (c)	3134G7WA5	3.5	1.500%	100.000	Quarterly	3	1.500	1.500	1.500	2,775,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c) (s)	3134G7VB4	5	1.500%	100.000	Quarterly	3	2.218	1.500	1.500	1,000,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c) (s)	3134G7VB4	5	1.500%	100.000	Quarterly	3	2.218	1.500	1.500	5,750,000	<input type="text"/>	<input type="checkbox"/>
9/30/2015	9/30/2020	FHLMC (ni) (c) (s)	3134G7VB4	5	1.500%	100.000	Quarterly	3	2.218	1.500	1.500	2,000,000	<input type="text"/>	<input type="checkbox"/>

See the Market the Dealers See

Our Impact Is Growing

- 743 Public Entities
- 186 Counties, Large and Small
- 12 State Associations, Including VACo, are Supporting the Program, with More to Come.

We appreciate the chance to work with Virginia counties and thank the VACo board, staff and members for their hospitality and support.

Thank You!

Where are Rates Headed?

What Will This Mean for Our Counties?

- Biggest expert-predicted increase in short rates
 - That's where counties invest
 - Counties borrow intermediate and long-term
- Should drive increased investment returns
- Expert-expected movement can mean significant impact for A, B and C
- And your county too!

Background



- Parent Company, Multi-Bank Services, Ltd., Founded in 1985
 - In 1987, Multi-Bank Securities, Inc., a broker-dealer, was founded to better serve customers with a wider variety of fixed-income products.
 - **Certified as a Veteran-Owned Business Enterprise (VBE)**
- Headquartered in Southfield, Michigan
 - 125 employees nationwide
 - Licensed in all 50 states
- Serving a Diverse Base of Institutional Clients for Three Decades
- Regulatory **Net Capital of \$40 MM**, as of September 30, 2015
 - Total capital is approximately \$50MM
- Ranked as One of the Fastest Growing, Privately-Held Financial Companies in 2009 Through 2012 by Inc. (www.inc.com)
 - Four-Time Inc. 5000 Honoree
- Safekeeping and Clearing Through Pershing LLC, a BNY Mellon Company

Veteran-Owned Business (VBE)



- David Maccagnone, CEO and Majority Shareholder of MBS
 - Captain in the United States Marine Corps
 - Served in Vietnam as a Forward Observer with the 1st Battalion, 26th Marines
 - Fought in the Battle of Khe Sanh, which was an 11-week siege by enemy forces on a U.S. Marine regiment during the Tet Offensive in early 1968.
 - **Purple Heart Recipient**
- Certified as a Veteran-Owned Business Enterprise (VBE) by the South Central Texas Regional Certification Agency (SCTRCA)
- Member of the National Veteran-Owned Business Association (NaVOBA)
- Member of Freddie Mac's Supplier Diversity Program
- Member of Fannie Mae's ACCESS[®] Diversity Program

Disclosure



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