



pfm

Advice for people transforming their world

Diversity + Grit = Resourcefulness

We believe it takes both diversity of thought and background to understand the integrated and textured worlds of our clients. We use that understanding to work smart, digging deep to deliver, both for our colleagues and our clients. Partnering with our clients in powerful ways, we bring a wealth of perspectives to generate better ideas and better advice.

City of Riviera Beach

Proposal for Financial Advisory Services

RFQ #944-18-2

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ABOUT PFM

PFM is the marketing name for a group of affiliated companies providing a range of services. All services are provided through separate agreements with each company. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation.

Financial advisory services are provided by PFM Financial Advisors LLC and Public Financial Management, Inc. Both are registered municipal advisors with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) under the Dodd-Frank Act of 2010. Investment advisory services are provided by PFM Asset Management LLC which is registered with the SEC under the Investment Advisers Act of 1940. Swap advisory services are provided by PFM Swap Advisors LLC which is registered as a municipal advisor with both the MSRB and SEC under the Dodd-Frank Act of 2010, and as a commodity trading advisor with the Commodity Futures Trading Commission. Additional applicable regulatory information is available upon request.

Consulting services are provided through PFM Group Consulting LLC. Institutional purchasing card services are provided through PFM Financial Services LLC. PFM's financial modelling platform for strategic forecasting is provided through PFM Solutions LLC.

For more information regarding PFM's services or entities, please visit www.pfm.com.



April 26, 2018

Rickey Little, Interim Director of Procurement
City of Riviera Beach
Office of the City Clerk
600 West Blue Heron Boulevard
Suite 140
Riviera Beach, FL 33404

pfm

2222 Ponce De Leon Blvd.
Third Floor
Coral Gables, FL 33134

pfm.com

RE: City of Riviera Beach Request for Qualifications and Fee Proposal

Dear Mr. Little:

PFM's financial advisory business is pleased to submit our proposal to continue serving as Financial Advisor to the City of Riviera Beach, Florida (the "City"). We believe PFM is the City's best choice to continue to serve the City because of the unique qualifications of both our organization and project team, allowing us to provide the City with high quality service.

Our roots in the municipal finance industry go back over 40 years. From the outset, PFM's financial advisory business has strived to be a financial advisor that is very different from our competitors - an independent financial advisory firm with technical resources matching those of the most sophisticated Wall Street investment banks. Local governments around the nation have responded to this focus, resulting in PFM being the financial advisor Thomson Reuter's ranks #1 in the nation as well as the State of Florida in terms of overall issues and par amount as of 12/31/2017. Our independence is significant, but it is just the beginning of our qualifications.

Several of PFM's financial advisory business key attributes are included below for consideration:

Scope of Services: We provide decades of traditional financial advisory experience along with a broad range of complementary services including: bond pricing; long term capital planning; public/private partnerships and strategic consulting assistance with budgeting, workforce management, and pension issues.

A Leading Advisor to Florida Cities Combined with Sector Expertise: PFM's financial advisory business currently (as of February 1, 2018) serves as financial advisor to an unmatched number of comparable Florida municipalities, including: Boca Raton, Boynton Beach, Coral Gables, Coral Springs, Jacksonville, Marco Island, Margate, Melbourne, Miami, Orlando, Palm Beach Gardens, Plantation, Pompano Beach, Port St. Lucie, Riviera Beach, St.



Petersburg, Stuart, Surfside, Tallahassee, Town of Palm Beach, and West Palm Beach.

We have in-depth knowledge of the issues facing local governments in today's economy through our work with these entities on a day-to-day basis.

Municipal Advisor Regulation under the Dodd-Frank Act: Unlike investment banking firms that serve as both underwriter and financial advisor, PFM Financial Advisors LLC serves exclusively as a financial advisor and has a fiduciary relationship with our clients, in attempting to avoid potential conflicts of interest.

Additionally, we maintain a compliance program to monitor activities within the requirements as set forth under SEC and MSRB regulation to serve as the City's Municipal Advisor. To its knowledge, PFM Financial Advisors LLC is not presently in violation of any statutes or regulatory rules that may impact operation, including those of the Securities and Exchange Commission, Municipal Securities Rulemaking Board, etc. PFM Financial Advisors LLC is established in the State of Delaware.

On behalf of PFM financial advisory business, we are pleased to have this opportunity to present our proposal to continue serving as financial advisor to the City. We take pride in serving a wealth of clients throughout Florida, and the City represents an important part of that ever-growing dynamic. We believe our relevant experience and dedicated project team – as well as our decades of work in Florida, our national presence, and our commitment to acting as a fiduciary for our clients – make PFM the ideal choice as the City's strategic partner and financial advisor. Sergio Masvidal is authorized to make representations on behalf of the firm and his contact information is listed below.

Sincerely,

Sergio D. Masvidal
Managing Director
PFM Financial Advisors LLC
masvidals@pfm.com
(786) 671-7480

Pete Varona
Senior Managing Consultant
PFM Financial Advisors LLC
varonap@pfm.com
(786) 671-7481



CERTIFICATE OF AUTHORITY

April 3, 2018

As Secretary & Treasurer of PFM Financial Advisors LLC ("PFM"), I affirm that Sergio Masvidal, a Managing Director of this company, is authorized to make, enter into, sign, seal and deliver on behalf of the company contractual documents in connection with this **City of Riveria Beach** proposal and/or agreement.

PFM Financial Advisors LLC



Steve Boyle
Secretary & Treasurer



Technical Proposal

Tab #2 – Minimum Qualification Criteria

Provide a statement of confirmation of the Proposer's ability to meet the stated minimum qualification criteria. The City maintains the sole discretion to waive any minimum qualification criteria if it is determined the decision is in the best interest of the City.

A. Proposer shall have at least five (5) years of experience providing financial advisory services for state and local governments.

National Market Leader

PFM's financial advisory business' national reputation and consistent growth are evident in our ranking as the nation's top financial advisor in terms of number of transactions and par amount for 19 straight years (source: Thomson Reuters). Many firms may claim to be the top-ranked advisor. In our case, we rely upon factual data from industry standard databases such as Thomson Reuters.

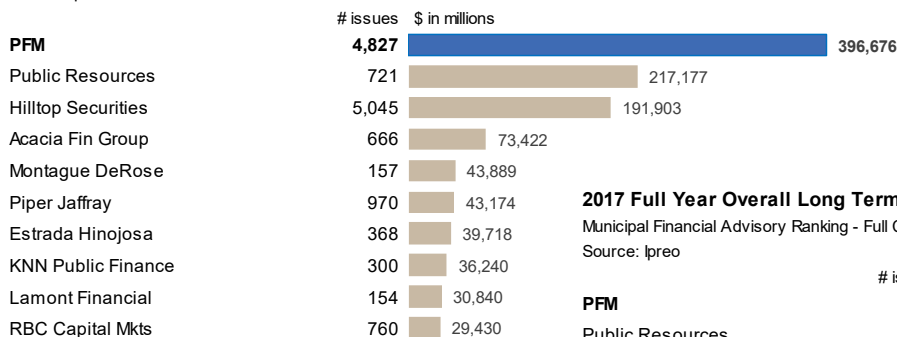
We recognize that rankings on their own are only statistics, and as such we encourage the City to contact other municipalities (including our references in Tab 5), to get a deeper sense of the level of service provided by the PFM's financial advisory professionals that would be assigned to the City.



2013 - 2017 Overall Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor

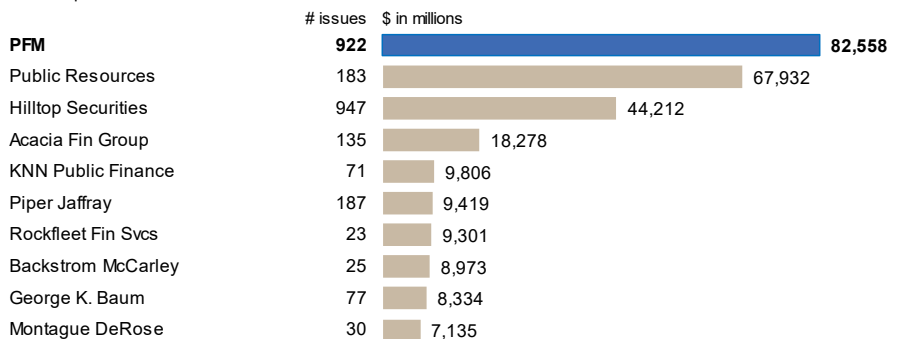
Source: Ipreo



2017 Full Year Overall Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor

Source: Ipreo





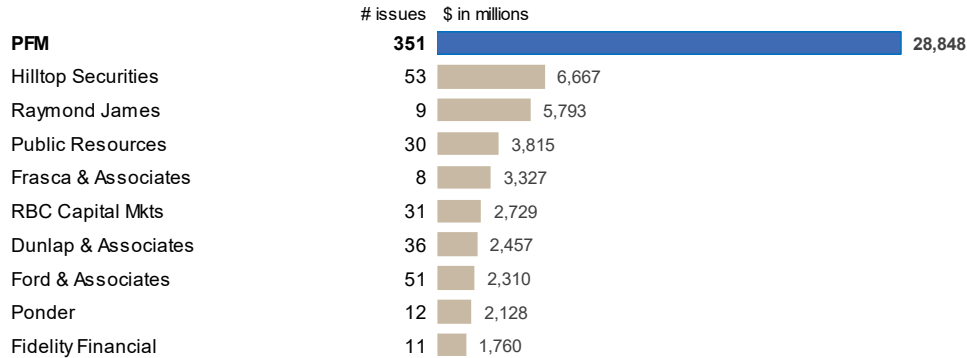
Florida Market Leader

Our national market presence is enhanced by our presence in the State of Florida. From 2013 to 2017, we served as financial advisor on 351 transactions with a par amount in excess of \$28.8 billion (Source: Ipreo). Of this amount, 52 transactions with a par amount in excess of \$5.7 billion were completed in 2017 alone (Source: Ipreo).

2013 - 2017 Full Year Florida Overall Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor

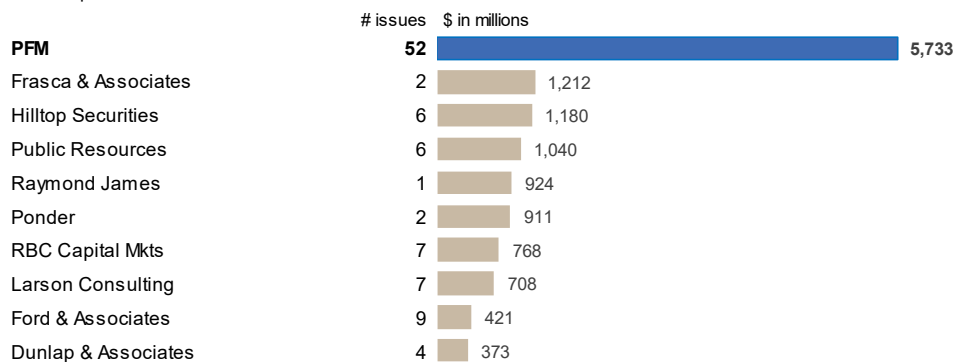
Source: Ipreo



2017 Florida Overall Long Term Municipal New Issues

Municipal Financial Advisory Ranking - Full Credit to Each Financial Advisor

Source: Ipreo

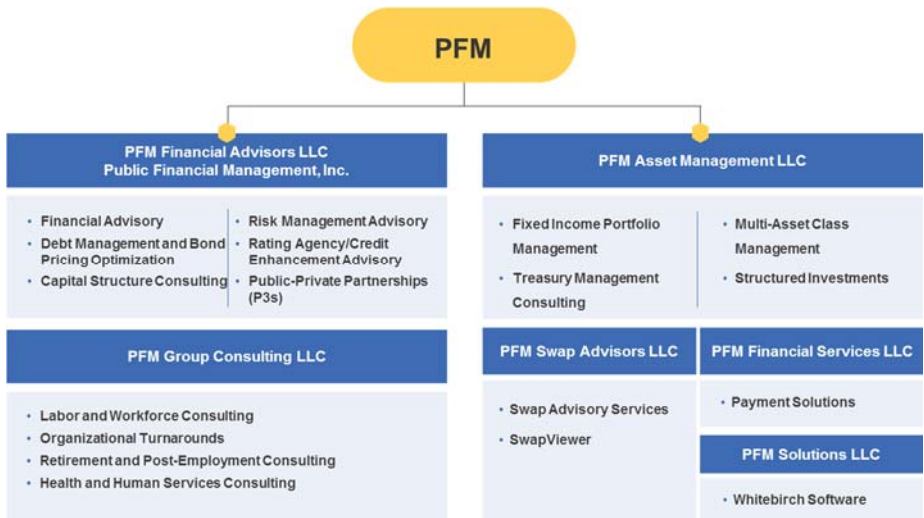




B. Proposer shall have proven track record of successfully providing the outlined Scope of Services for municipal governments of comparable size and complexity.

Scope of Services

As client’s needs have evolved and expanded, PFM’s financial advisory business has developed a wide range of expertise to assist clients. Each affiliate was created to provide the proper regulatory and operating structure. The core financial advisory services will be provided by our financial advisory team and will consist of bond or loan-transaction management, debt-portfolio optimization, capital planning, rating agency strategy, debt and financial policy development, among other services. At the same time, the City, pursuant to defined tasks, separate agreements, and compensation structures, has access to the affiliates of PFM that assist with public-private partnerships, asset management, swap advisory, arbitrage rebate, verification reports and other related services. Each of these entities was created in an effort to offer clients services needed to address opportunities and challenges of an ever changing market landscape.



C. Proposer shall assign a Financial Advisor to the City who has a minimum of five years of experience in public funds financial advisement. Identify the staff assigned to this project and their relevant experience and qualifications relative to this project. Resumes for each staff member assigned are to be submitted with the Qualification.

We create customized project teams for each engagement. In doing so, we take into account a number of factors, including the types of financings completed by a client, complexity of expected assignments, and geographic considerations. For the City, we have assembled a team that will work to meet the City’s unique need for: (i) multi-faceted strategic advice rendered with strict independence; (ii) extensive experience processing financings; and (iii) the most sophisticated analytical and financial modeling support. The primary team outlined below is very familiar with the City and has demonstrated the ability to work effectively on a wide



range of assignments. In addition to this core team, PFM's full breadth of services will be made available to the City, as appropriate.

Sergio Masvidal, Managing Director in the Coral Gables office will serve as Engagement and Project Manager and will be responsible for project oversight. As the Engagement Manager, Mr. Masvidal will take the lead role in providing the requested financial advisory services and be responsible for review of all work products completed by PFM.

Pete Varona, Senior Managing Consultant in the Coral Gables office will serve in the primary support role to the Project Manager and will be responsible for day-to-day technical analysis. Mr. Varona has provided the transaction management services and technical support for many of the firm's Florida clients over the last 6 years.

David Moore, Managing Director in the Orlando office and head of PFM's Southern Cluster, will provide senior project support for this relationship. He is one of the most seasoned finance professionals in Florida providing financial advisory services to a vast array of counties, cities and school districts managing over \$20 billion of debt transactions.

Cristina Nieto Gómez, Director in the Austin, Texas office will provide transportation finance and P3 expertise. She has over 10 years' experience working for P3 private developers (such as Cintra Concessions and VINCI Concessions) procuring and delivering projects in Europe, Canada and the United States.

Michael ("Todd") Fraizer, CFA, is a Managing Director in the firm's Charlotte, NC office and the head of PFM's Bond Pricing Group. He provides pricing resources and negotiation support for PFM's clients nationwide.

**Sergio Masvidal, Managing Director
PFM Financial Advisors LLC
Engagement Manager**

Sergio Masvidal has assumed an active role in providing technical financial advisory support to clients throughout Florida and the Southeast, with a primary focus in South Florida. Mr. Masvidal is one of the most active financial advisors in Florida in terms of both total par amount and number of transactions completed. Mr. Masvidal has extensive experience, having actively managed over \$10 billion of bond transactions. Mr. Masvidal's clients include a variety of Cities, Counties, School Districts, Special Taxing Districts, Utilities and Transportation Authorities.

In his role as project manager, Mr. Masvidal devotes a significant amount of time providing financial advisory services to cities in South Florida and along the coast. Mr. Masvidal has expertise in project financing, having helped develop long-term financing plans that create innovative and cost effective structures. Part of this process includes a comprehensive evaluation of available security pledges and complicated strategic issues, as well as providing guidance on credit structures and developing the credit agency approach for issuers.



Mr. Masvidal graduated from Muhlenberg College in May of 2002, where he earned his Bachelor of Arts in Psychology. He is a registered Municipal Advisor Representative (Series 50).

**Pedro “Pete” Varona, Senior Managing Consultant
PFM Financial Advisors LLC
Senior Project Support**

Pete Varona, Senior Managing Consultant in the Coral Gables office will provide technical support for the City’s engagement. Mr. Varona has provided the transaction management services and technical support for many of the firm’s Florida clients over the last 6 years. Mr. Varona works in the general financial advisory sector, providing technical and quantitative support for various clients, with a strong focus on the South Florida market. His present duties include structuring, sizing, and pricing new money and refunding municipal bond issues, including providing project management support for engagement managers for various clients. He is also involved in assessing municipal issuer’s outstanding debt and performing analysis of refunding opportunities.

Mr. Varona graduated from the University of Florida with a Master of Arts degree in International Business, as well as a Bachelor of Science in Economics. He is a registered Municipal Advisor Representative (Series 50).

**David Moore, Managing Director
PFM Financial Advisors LLC
Head of PFM’s Southern Region**

David Moore, Managing Director in the Orlando office will provide senior project support for the City’s engagement. Mr. Moore manages PFM’s Southern region and is among the most active financial advisors in Florida, completing in excess of 250 financings totaling more than \$20 billion. During his professional career, Mr. Moore has worked as an engineer, investment banker, and financial advisor, focusing on public finance for more than 25 years, and joined PFM in 1998.

Mr. Moore’s awards include: Bond Buyer’s Southeast Deal of the Year award in 2002 for the School Board of Palm Beach County’s multi-series plan of finance that included almost \$1 billion in financings, incorporating fixed and variable-rate obligations, and Bond Buyer’s Deal of the Year for 2007 for South Florida Water Management District’s first Certificate of Participation (COP) financing program for environmental restoration, which led to the District being rated AAA (implied General Obligation) and the COPs being rated AA+.

Mr. Moore holds a Master of Business Administration degree, cum laude, from the Crummer School of Business at Rollins College and a Bachelor of Science in Electrical Engineering from Auburn University. Mr. Moore is a registered Municipal Advisor Representative (Series 50).



Cristina Nieto Gómez, Director
PFM Financial Advisors LLC
Transportation/P3 Expertise

Ms. Nieto Gómez recently joined PFM as Director, based in Austin, Texas, as a member of PFM's leading transportation financial advisory practice. Ms. Nieto Gómez expands PFM's coverage of its transportation clients through her background in project finance, specifically as it relates to evaluating and executing Public Private Partnership (P3) opportunities. Ms. Nieto Gómez also brings a strong knowledge in the development of financing strategies for managed lanes projects and has served as a Senior Finance Director on the successful completion of two such managed lanes projects.

Ms. Nieto Gómez has over 10 years' experience working for P3 private developers procuring and delivering infrastructure projects in Europe, Canada and US. Ms. Nieto Gómez's experience in the P3 sector includes over 7 years with Cintra Infraestructuras- part of Spanish Ferrovial Group as a Director; and the prior 3 years with VINCI Concessions – part of the French VINCI Group as the Head of Structured Finance for North America. Her knowledge of P3 financings provides governmental clients with (i) an understanding of how private concessionaires view project risk for different project delivery methods, (ii) a deep knowledge of how to structure the P3 process, and (iii) the negotiation of business points associated with the various P3 project agreements

Ms. Nieto Gómez received an Executive Master of Business Administration (ISEM) from the University of Navarra; Madrid, Spain and a Bachelor in Business Administration, Major in Finance (CUNEF) from Complutense University; Madrid, Spain. She is a registered Municipal Advisor Representative (Series 50).

Michael ("Todd") Fraizer, CFA, Managing Director
PFM Financial Advisors LLC
PFM's Price Group

Michael ("Todd") Fraizer, CFA is a Managing Director in the firm's Charlotte, NC office. He leads PFM's Pricing Group, which provides pricing resources and negotiation support for PFM's clients nationwide. Todd has assisted in pricing more than 1,000 transactions totaling more than \$350 billion of municipal bonds for PFM issuer clients.

Prior to joining PFM, Todd was the vice president of finance for the Kansas Development Finance Authority. In this role, he served as the primary project manager for more than \$2 billion of general purpose, higher education, pension obligation, transportation, and state revolving fund transactions. Before that, he gained futures and options trading experience while at the Kansas City Board of Trade.

Todd graduated from the University of Missouri-Kansas City with a Master of Business Administration and Finance and received his Bachelor of Arts in English Literature from the University of Kansas. Todd is a member of the CFA Institute and the Charlotte Society of Financial Analysts. He is a registered Municipal Advisor Representative (Series 50).



D. Proposer shall be familiar with all applicable Florida Statutes with regards to qualified financial advisory for public entities.

Having operated in Florida for over 30 years, PFM is very familiar with Florida and the Florida Statutes regarding financial advice for municipalities such as the City. In the municipal sphere, Florida represents a unique area in which to work because of various factors that either have a lower impact in other states, or are not present at all. The depth of our experience as discussed on prior pages exemplifies our long-term work with Florida credits and associated familiarity with statutory requirements.

From a credit perspective, the view of Florida credits over the last 30 years has shifted materially. Until the early 2000s, credit rating agencies and investors viewed Florida municipal credits as somewhat weak. Reliance on tourism, moderate wealth characteristics and limited manufacturer sectors were viewed as negatives. However, that view changed over the last 15 or 20 years as more traditional municipal credits (i.e. the Rust Belt, California, etc.) have had significant financial challenges. Conversely, Florida credits continued to strengthen. In many regards, the financial crisis in 2008 actually helped improve the market's perception of the financial character of Florida. At first, this seems illogical, but most Florida municipalities really tightened their belts and made appropriate cuts during the Great Recession. While many entities drew down fund balances, the draws were modest. And in large part the local economy rebounded quickly and fund balances were restored, further demonstrating its resiliency. Taxable values have shown an increasing trend as more and more businesses continue to move to Florida. As a result, the market has a generally positive bias towards Florida. But, there are always headwinds. In the near term, capital investment has been deferred creating the need for increased fees and/or more debt. And, with growth coming back, there are new infrastructure needs.

With the recently enacted Tax Cuts and Jobs Act, issuers face an evolving municipal market. The largest impact on local governments in Florida may come from the removal of tax-exempt advance refundings and the change in the maximum corporate tax rate from 35% to 21%. Moving forward issuers will need to evaluate their existing strategies to fund future capital projects as interest costs related to financings may increase. PFM's financial advisory team will be taking on an active role in partnering with clients in order to independently evaluate strategies and tools available in the market. We look forward to assisting with the selection of new financing tools and plans to help achieve short- and long-term goals while meeting risk profiles.

Finally, global factors impact some Florida local governments. A long-term concern that is beginning to make its way into rating agency calls relates to climate change and the resulting sea level rise. Pictures in *The New York Times* of flooded streets in Florida coastal communities create concern. The practical reality is that coastal areas in Florida will likely have to address this concern with major capital investment over time.

All in all, Florida credits are viewed positively, which is due to many years of hard work by government finance officers educating the public and board members on the need to manage conservatively and invest in critical needs.



E. Proposer shall identify the number of public sector entities for which your firm currently is under contract to service as financial advisor, and provide the number and volume of debt issuance transactions completed pursuant to such contracts during the period 2016-2018. Further, identify the number and volume of the following types of transactions completed during this same period: revenue bonds, variable rate demand bonds, auction rate notes, 63-20 bonds, Pension Obligation Bonds and payment agreements.

PFM currently advises over 1,000 issuers throughout the country. As such, and in the interest of brevity, we have listed below only our Florida clients. However a full listing of clients can be made available to the City at your request.

PFM's financial advisory business opened its first Florida office in 1986 and has been providing independent financial advisory services to Florida issuers for over 30 years. During this time we have developed expertise in providing services to meet all of the financial needs of our clients. Our approach has resulted in the firm continuing to add new clients while maintaining existing clients, as shown in the table below, which provides a representative listing of our current Florida clients (as of January 1, 2018), with cities highlighted in the yellow box.

CITIES	COUNTIES	SCHOOL DISTRICTS	TRANSPORTATION
Alachua • Apopka Boca Raton • Boynton Beach Brooksville • Clermont Cocoa Beach • Coral Gables Coral Spring • Crystal River Daytona Beach • DeBary Delray Beach Doral • Flagler Beach Fort Walton Beach Gainesville • Golden Beach Green Cove Springs Hallandale Beach • Hialeah Jacksonville • Key West Lake Wales • Lake Worth Leesburg • Margate Madeira Beach Melbourne • Melbourne Beach Miami • New Port Richey Oldsmar • Orlando Ormond Beach • Palatka Palm Beach Palm Beach Gardens Panama City Beach • Plant City Plantation • Pompano Beach Riviera Beach Satellite Beach • St. Cloud St. Petersburg • Sanibel Sebring • Stuart Sunrise • Surfside Tallahassee • Tarpon Springs Temple Terrace • Titusville West Palm Beach Winter Haven Winter Garden • Winter Park Winter Springs	Alachua • Bay Brevard • Broward Clay • Collier Flagler • Highlands Lake • Leon Marion • Miami-Dade Monroe • Orange Osceola • Palm Beach Sarasota • St. John's St. Lucie • Volusia	Alachua • Broward Citrus • Columbia Duval • Flagler Hernando • Lake Manatee • Marion Martin • Miami-Dade Orange • Osceola Palm Beach Pasco • Sarasota Santa Rosa • Seminole Volusia • Walton	Jacksonville Aviation Authority Jacksonville Seaport Authority Lee County Port Authority Okaloosa County (Northwest Florida Regional Airport) Orlando-Orange County Expressway Authority Hillsborough County Aviation Authority Tampa Port Authority
STATE OF FLORIDA	OTHER AUTHORITIES	HIGHER EDUCATION	UTILITIES
Division of Bond Finance Department of Transportation	First Florida Governmental Financing Commission Sunshine State Governmental Financing Commission Tampa Bay Water	Eckerd College Edison State College Embry-Riddle Aeronautical University Flagler College Florida Southern College Jacksonville University New College Nova Southeastern University Ringling College of Art and Design Saint Leo University Stetson University University of North Florida University of South Florida University of Tampa University of West Florida	Gainesville Regional Utilities Jacksonville Electric Authority Orlando Utilities Commission
SPECIAL DISTRICTS	HEALTHCARE		
Alachua Library District Blueprint Intergovernmental Agency South Florida Water Management District	Brooks Rehabilitation Jackson Health System LifeSouth Community Blood Centers North Broward Hospital District OneBlood, Inc. Orange County Health Facilities Authority		

Note: The list of clients is for informational purposes and does not represent an endorsement or testimonial of services by clients.



National Financial Advisory New Issues									
Category	2016		2017		2018		TOTALS		
	# of Issues	Par Amount in Millions	# of Issues	Par Amount in Millions	# of Issues	Par Amount in Millions	# of Issues	Par Amount in Millions	
All Issuances	1,521	84,192.3	1,083	69,562.5	53	3,620.4	2,657	157,375.2	
Revenue Bonds	503	46,495.6	347	33,124.9	17	2,588.6	867	82,209.1	
Variable Rate Demand Bonds	235	8,337.2	30	1,750.6	3	315.0	268	10,402.8	
Auction Rate Notes	1	10.3	0	0.0	0	0.0	1	10.3	
63-20 Bonds	0	0.0	0	0.0	0	0.0	0	0.0	
Pension Obligation Bonds	3	93.8	2	74.2	0	0.0	5	168.0	
Payment Agreements	0	0.0	0	0.0	0	0.0	0	0.0	

Source: PFM Internal Records

F. Provide a list of the 7 largest public sector entities (in terms of their outstanding debt) within the State of Florida for which your firm currently provides financial advisory services as contemplated in the scope of work.

The following list contains the seven largest public sector entities in the State of Florida for which PFM's financial advisory team currently provides financial advisory services for.

- Miami-Dade County
- Jacksonville Electric Authority
- Miami-Dade Public School District
- Broward County
- City of Jacksonville
- Central Florida Expressway Authority
- Broward County Public School District

H. Proposers shall earned unqualified audit opinions on the financial statements rendered by external auditors for the past five years.

PFM has operated continuously for over 40 years and has focused on the financial advisory business consistently throughout this time. PFM has earned an unqualified audit opinion for the last five years, and our most recent Audited Financial Statement can be found in **Appendix A.**



I. Proposer shall have the capability of performing all required duties specified in this Request for Qualification.

PFM's financial advisory business is capable of performing all required duties specified in this Request for Qualification.

J. Proposer shall be free of any obligations and interest, which might conflict with the interest of the City.

Independent Financial Advisor

The sole business of PFM's financial advisory practice is to provide municipal issuers with a full line of advisory services. We are not underwriters, nor do we engage in any municipal securities sales or trading, nor act as a principal in swap transactions. We believe it is in the City's best interest to select an independent financial advisory firm rather than an underwriting firm that also provides financial advisory services.

By selecting an independent, non-underwriting firm, the City achieves a critical goal of preserving the maximum possible universe of qualified underwriters for its debt obligations. We believe preserving the City's potential pool of lenders and financiers is extremely critical given recent developments in the municipal market. Broad and regular participation of these firms, particularly the regional and Florida firms, help the City to reach the widest possible investor base for its bonds. Further, today's market puts a premium on the availability of credit and "off the shelf" lending facilities. It is in the City's best interest to maintain these lending relationships with local and regional credit providers, without concerns for bias or potential conflicts of interest.

In addition, an independent financial advisor is free from certain conflicts inherent when underwriting firms pick and choose between serving in the financial advisory role and the underwriting role. For this reason, GFOA added strong statements in its revised Recommended Practice on the method of sale regarding the need for a financial advisor that is free from conflict. Similarly, recent reforms stemming from Dodd-Frank and currently being addressed by the MSRB and SEC are supportive of the business case for independent financial advisors.

On a regular basis, underwriting firms work with one another as teams in underwriting syndicates and determine one another's compensation on bond transactions. A co-manager bond allocation can be worth several times the fee earned as a financial advisor and these allocations go on daily between banking firms. This situation invites compromise and impedes tough, independent negotiations when the underwriter acts as a financial advisor on the "other side of the table" from a former or current "teammate." Consequently, no investment banking firm acting as a financial advisor is going to negotiate against another underwriter as strongly as a truly independent financial advisor. Investment banks value their relationships with one another because of the widespread mix of senior manager versus co-manager interactions in the marketplace.



Tab #3 – Scope of Services

Proposers shall provide a statement in the affirmative, in Tab #3 of their Qualification, confirming their ability to meet the scope of service described below:

PFM confirms our ability to meet the scope of services described in the RFQ.

Services Related to Planning

We believe that as a financial advisor, we should play an active part in designing and executing the financing strategies of our clients. We see ourselves as both the client's partner and agent in helping to achieve their specific goals. Our job is to make the City aware of suitable options at its disposal and their potential outcomes. Our goal is to provide the City with the tools it needs to craft a financing strategy that will lead to the lowest-available cost of borrowing, while taking care to be consistent with the City's broader policy and financial objectives and fit with existing policies. We provide a forum for ideas, an environment for testing conventional wisdom, and a platform for forging performance-improving strategies. Most importantly, we will help craft the financial plan and prepare the report and presentation in a manner that is easily understood by stakeholders with a variety of backgrounds.

Concept and Understanding

Generally speaking, a financing plan may involve the City asking us to provide a comprehensive review of its outstanding debt portfolio, layered in with possible future debt, with the ability to provide this understanding to key stakeholders in a format that is readily understood. Furthermore, the objectives of the financial plan would be to identify any potential opportunities to reduce debt service costs on the existing portfolio and optimize any planned future debt issuance in such a manner that would be most advantageous to the City and its constituents. In the case of voter-approved debt, a financial model describing the current and future debt portfolio which includes multiple scenarios for Ad Valorem growth rates would be developed to guide the initial phase. The report/presentation may also include discussion around key financial metrics as suggested by organizations such as GFOA and/or the major rating agencies. Context with respect to the financial metrics of comparable municipalities may also be of interest to the City, and can be incorporated into a final report/presentation.

Development of the Financial Plan

The development of financial plans — as outlined in the table below — is a core strength of PFM's financial advisory business. Throughout the course of development we would work closely with City staff, perform a detailed review of the City's current and planned debt issuance, credit rating criteria, and varying financial projections based on an agreed-upon range of forecasts such as ad valorem growth rates, potential impacts of recent state legislation, and alternative debt structures. As described throughout this proposal, we view our role as that of a strategic partner to our clients. Working closely with issuers to align their objectives with the available and appropriate financing techniques is at the foundation of our relationship. A preliminary summary of the implementation steps to produce the financial plan is included below. Also please note that this is intended as a high-level summary of the action items. PFM would also be able to provide our experience in financial planning with other



clients upon request.

Preliminary Scope of Services: Developing the Plan of Finance	
Developmental Agenda	Objective(s)
1. Understand City Objectives	<ul style="list-style-type: none"> Set parameters for measuring and making specific financing decisions. Demonstrate sophisticated financial management.
2. Prepare a Debt Profile	<ul style="list-style-type: none"> Comprehensive review of all outstanding indebtedness. Identify potential cost savings and other beneficial debt strategies.
3. Review Legal Structure	<ul style="list-style-type: none"> Review consistency with formal written debt policies and procedures. Provide comprehensive review of bonding authority and bond covenants. Identify opportunities for financing flexibility within credit constraints.
4. Analyze Future Debt Plans	<ul style="list-style-type: none"> Determine future capital needs. Identify suitable financing methods to fund capital needs Match sources of capital funding to infrastructure needs. Identify rating strengths and/or opportunities.
5. Identify Financing Alternatives	<ul style="list-style-type: none"> Inform issuer of pros and cons of different financing techniques. Outline potential financing strategies relevant to specific project(s). Identify and analyze potential debt refinancing or restructuring alternatives.
6. Develop Final Financial Plan	<ul style="list-style-type: none"> Document policies, processes, alternatives, and results. Formally provide written financial plan. Present financial plan to key stakeholders.

Service Related to Debt Issuance

Bond Pricing/Structuring & Negotiated Bond Sales

When pricing bonds, we offer the City of Riviera Beach a unique blend of Wall Street knowledge, technical resources, and an independent, local fiduciary perspective. As indicated in the chart to the right, PFM is the most active financial advisor in the country and is a more frequent market participant than even the largest investment banking firms. One of PFM's greatest strengths is our in-house Pricing Group: a dedicated group of advisory professionals whose job is to follow primary and secondary municipal market activity and to interact with the underwriters' desks on behalf of our issuing clients.

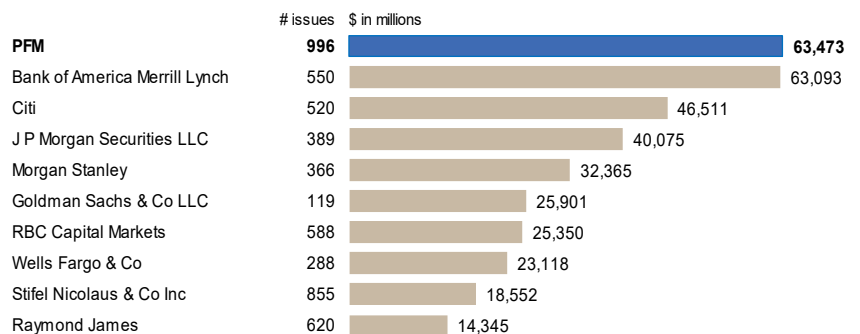
2017 Full Year Long Term Overall Municipal New Issues

PFM vs. Underwriter

Municipal Financial Advisory vs Underwriter Ranking

Full to Each, Equal if Joint Financial Advisor; True Economics to Each Bookrunner

Source: Thomson Reuters

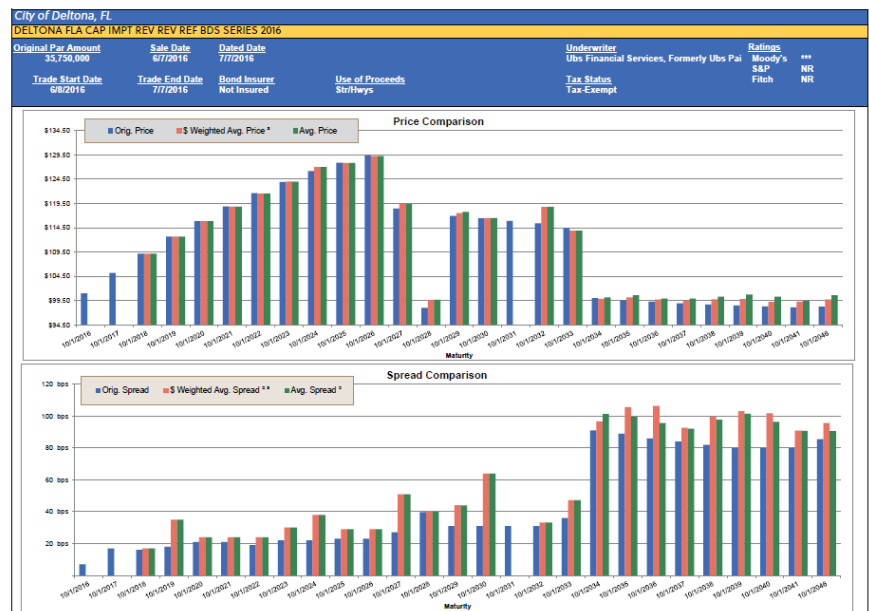




We are in the market on behalf of our clients an average of three times a day, and this constant presence gives us significant advantage over other firms when it comes to bond pricing. Our size and market presence give our Financial Advisory business the knowledge of a major investment bank with the independence of a financial advisor. The sole responsibility of our Pricing Group is to provide our clients with the analytics, market knowledge, and insight to obtain the best available interest cost for their transactions. Our dedicated team of pricing professionals provides clients throughout the country with centralized access to market information and trends, including coupon structures, call option valuation, and spread relationships — helping to ensure that our clients receive the best possible pricing for their bonds given current market conditions. Furthermore, the Pricing Group’s constant presence in the municipal bond pricing process helps foster professional peer-to-peer relationships with underwriting desks, as well as a better understanding of the internal workings of the underwriting process at the investment banks. We couple this market knowledge with our own proprietary analytical pricing tools to develop our own pricing targets, independent of and before the presentation of the underwriting team’s consensus scale. Whether a negotiated or competitive sale, our role simply is to seek the best results available. This includes bond structuring, due diligence, and transaction pricing. Regardless of the choice of a negotiated or competitive sale, we will run the numbers and prepare the sensitivity analyses necessary so that the City of Riviera Beach has an independent evaluation of the bond sale.

Post-Sale Analysis: Evaluating the Execution of a Pricing

In the past couple of years, PFM has developed a secondary trade model, which assesses post-issuance pricing performance. Furthermore, the volume of secondary trades leading up to a primary sale provides an indication of current market liquidity and/or institutional selling pressure for a particular credit, which can assist in determining market access and prudent new issue size. The trade data, particularly within 30 days of issuance, can be used to assess pricing performance and market sentiment. Secondary trades at levels significantly below initial pricing can be an indicator that pricing execution could have been more cost effective. PFM will use this data, in addition to primary market data for similar credits, to assess the City’s fixed rate





debt pricing performance in order to enhance and refine strategies for pricing future issuances. An example of a screen within PFM's proprietary secondary trade model is shown above.

Post-Issuance Reporting/Compliance

After each transaction, PFM customarily prepares a financial advisory report, providing clients with a summary of the transaction including the financial alternatives considered, the financial impact of the transaction, and a comparison to similar deals that priced within the same timeframe. Part of this post-sale analysis includes detailed information regarding the pricing performance of the bond sale. This detailed analysis includes a review of the City's prior transactions, other transactions in the market that priced within the same timeframe, and a summary of the pricing in comparison to the pricing model. PFM will compile this information for the City as part of the "Financial Advisor's Report," and will also identify the on-going administrative requirements over the life of the transaction.

Rating Agency Experience

The ability to assist clients with achieving and maintaining the highest possible credit ratings is one of the financial advisor's more important responsibilities. Due to the number of municipalities in Florida we are privileged to represent, including many cities in Florida that are comparable to the City of Riviera Beach, PFM has developed considerable experience working with the major national rating agencies regarding general government credits. As a result of our experience advising our clients, PFM has developed a clear understanding of the analytical methods utilized by Moody's Investors Service, Standard & Poor's and Fitch Ratings unique to Florida credits. We conduct in-depth credit analyses based on the latest published rating criteria so that both credit strengths and weaknesses can be identified by the issuer prior to meeting with rating analysts. We work closely with the rating agencies to fully understand any credit concerns and changes to methodology, and will continue to design the City's credit presentations to specifically address each agency's questions in a meaningful way. In addition, we maintain close personal contact with staff members at the rating agencies regarding their views of debt covenants, innovative financing techniques and unusual debt structures. These relationships have deepened over the years allowing the rating analysts the comfort to reach out to PFM's Florida team to get guidance and understanding on the many State legislative issues impacting districts each year.

Our experience has been utilized effectively to improve the credit ratings assigned to several of the districts we represent. PFM utilized this experience to help the City present their story to the ratings agencies for numerous credits, including the City's pension obligation, utility, and stormwater issuances, resulting in strong ratings for the City across the board.

PFM's approach to rating agency presentations and communications differ from those of other financial advisors in that we begin the communication much earlier in the process, and strive to maintain an open line of communication through our relationships with each of the major rating agencies. We manage the process in sync with the City, such that the City is the face of all communication, while PFM supports the relationship by providing analytical data, credit medians, and comparable issuer statistics. Our approach is to effectively inform the issuer of the latest data, stress points, and important items for credit consideration. It extends from the



development of financing plans for new issuance, whereby part of the analytical evaluation includes the impact to the City's rating.

Our approach is a continuous one that focuses on keeping the City aware of potential credit impacts. In many cases, that early awareness and monitoring serves to craft sections of the rating agency presentation meant to address areas of stress and refocus to the potential solution(s). Often times rating agencies provide positive feedback to issuers who are aware of potential concerns and have addressed ways to counter them.

Credit Scorecards (Moody's Shown here – a similar approach is used for S&P)

One of the keys to PFM's success serving clients such as the City is our ability to apply sophisticated analytical tools and comprehensive analysis in a manner that is appropriate for each client. PFM has been at the forefront of innovation regarding our approach to interactions with the rating agencies. The following discussion highlights our approach to developing the baseline data used to create the rating-agency. Since the onset of the financial crisis, the credit-rating process has taken on greater importance as each rating agency has revised its rating criteria to reduce the emphasis on certain factors and increase it on others, as shown below. For example, Moody's Investors Service ("Moody's") decreased the weight assigned to the Economy and Tax base, while increased the weight of Debt/Pension.

Factor 1 Economy/Tax Base	Factor 2 Finances	Factor 3 Management	Factor 4 Debt/Pensions
30%	30%	20%	20%
Was 40%	Unchanged	Unchanged	Was 10%



Changes in Moody's Investor Service ("Moody's") Rating Methodology

Within each category listed above, Moody's has defined many sub-factors, as shown in the scorecard below. We have worked closely with the rating agencies to fully understand their concerns and methodology—that experience will help us work with staff to design the City's presentations specifically to address each agency's questions in a meaningful way. In addition, we maintain close, personal contact with staff members at the rating agencies and are familiar with their views of debt covenants, innovative financing techniques, and unusual debt structures.

City of Riviera Beach, FL - Moody's Rating Local Government General Obligation Scorecard								
	Aaa	Aa	A	Baa	Ba	B and Below	Weight	Implied Rating
Economy/Tax Base (30%)								
Tax Base Size: Full Value (\$000s)	> \$12B	\$12B ≥ n > \$1.4B	\$1.4B ≥ n > \$240M	\$240M ≥ n > \$120M	\$120M ≥ n > \$60M	≤ \$60M	10%	Aa
Tax Base Per Capita	> \$150,000	\$150,000 ≥ n > \$65,000	\$65,000 ≥ n > \$35,000	\$35,000 ≥ n > \$20,000	\$20,000 ≥ n > \$10,000	≤ \$10,000	10%	Aaa
Median Family Income as % of US Median	> 150% of US median	150% to 90% of US median	90% to 75% of US median	75% to 50% of US median	50% to 40% of US median	≤ 40% of US median	10%	Baa
Finances (30%)								
Fund Balance as % of Revenues	> 30.0%	30.0% ≥ n > 15.0%	15.0% ≥ n > 5.0%	5.0% ≥ n > 0.0%	0.0% ≥ n > -2.5%	≤ -2.5%	10%	Aaa
5-Year Dollar Change in Fund Balance as % of Revenues	> 25.0%	25.0% ≥ n > 10.0%	10.0% ≥ n > 0.0%	0.0% ≥ n > -10.0%	-10.0% ≥ n > -18.0%	≤ -18.0%	5%	Aa
Cash Balance as % of Revenues	> 25.0%	25.0% ≥ n > 10.0%	10.0% ≥ n > 5.0%	5.0% ≥ n > 0.0%	0.0% ≥ n > -2.5%	≤ -2.5%	10%	Aaa
5-Year Dollar Change in Cash Balance as % of Revenues	> 25.0%	25.0% ≥ n > 10.0%	10.0% ≥ n > 0.0%	0.0% ≥ n > -10.0%	-10.0% ≥ n > -18.0%	≤ -18.0%	5%	A
Management (20%)								
Institutional Framework	Very Strong	Strong	Moderate	Limited	Poor	Very Poor	10%	Aa
Operating History: 5-Year Average of Operating Revenues / Operating Expenditures	> 1.05x	1.05x ≥ n > 1.02x	1.02x ≥ n > 0.98x	0.98x ≥ n > 0.95x	0.95x ≥ n > 0.92x	≤ 0.92x	10%	Aaa
Debt/Pension (20%)								
Net Direct Debt / Full Value	< 0.75%	0.75% ≤ n < 1.75%	1.75% ≤ n < 4.00%	4.00% ≤ n < 10.00%	10.00% ≤ n < 15.00%	≥ 15.00%	5%	Aa
Net Direct Debt / Operating Revenues	< 0.33x	0.33x ≤ n < 0.67x	0.67x ≤ n < 3.00x	3.00x ≤ n < 5.00x	5.00x ≤ n < 7.00x	≥ 7.00x	5%	A
3-Year Average of Moody's Adjusted Net Pension Liability / Full Value	< 0.90%	0.90% ≤ n < 2.10%	2.10% ≤ n < 4.80%	4.80% ≤ n < 12.00%	12.00% ≤ n < 18.00%	≥ 18.00%	5%	A
3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues	< 0.40x	0.40x ≤ n < 0.80x	0.80x ≤ n < 3.60x	3.60x ≤ n < 6.00x	6.00x ≤ n < 8.40x	≥ 8.40x	5%	A
Total (100%)							100%	Aa3

*For illustrative purposes only, as of 2016 Fiscal Year End.

Note: Data for the table is sourced to the City's audited financials. Moody's makes certain adjustments to information found in the City's audited financials based on their protocol

Once the grid above is prepared, we review the results with the client and compare the data to the issuer's existing rating. This is a simple example of how we partner with clients for better outcomes. In the City's case, there is no outstanding Moody's rating to compare to, but generally speaking, the rating agencies take a fairly similar approach, and it would be likely that S&P and Fitch would fall either at the same rating level as Moody's, or within one notch. For the City, most of the criteria fall from the Aaa to the A category which is expected given the City's conservative and prudent management. The only factor outside this range is the median family income as a percentage of the US median. Out of all of the medians, family income is one of the factors least controlled by City management, and thus we generally consider this factor to be external to the decision-making process. Based solely on the Moody's Scorecard rating criteria, we calculate an implied general obligation rating of Aa3 for the City. As noted earlier, the Scorecard is only a starting point for discussion, other factors not shown do contribute to an entity's final rating.



Service Related to Cost-Benefit and Risk Analysis and Related Due Diligence for Prospective Public/Private Development Opportunities

P3 Experience

PFM's P3 team integrates public finance and commercial expertise to assist clients in fully evaluating public-private partnership opportunities. PFM's financial advisory business is an independent P3 advisor across a wide range of industries including municipal and social infrastructure, transportation, utilities, and higher education. Our P3 team works together with technical and legal advisors on the full range of deal opportunities including project finance, concessions and mergers and acquisitions (M&A). Our primary services include:

- Feasibility, valuation and alternatives analysis
 - ❖ Financial modeling
 - ❖ Stakeholder communications
 - ❖ Public finance options and comparison
- Transaction development and execution
 - ❖ Procurement documentation
 - ❖ Due diligence
 - ❖ Bidder communications
 - ❖ Project agreements development
 - ❖ Proposal evaluation
- Negotiation support

PFM's financial advisory business has advised on more than 40 P3 engagements, including executed transactions totaling more than \$2.8 billion. Below, please find select P3 transactions we have advised on from 2007 to the present.

Client	Project	Value (\$M)	Project Close
Jacksonville Port Authority	Mitsui/TraPac Project	\$220	2007
Maryland Port Administration	Seagirt Terminal	\$334	2010
City of Allentown	Water/Wastewater Concession	\$211	2013
University of South Florida	Tampa Student Housing P3	\$133	2015
University of Kansas	Central Campus P3 Development	\$350	2015
University of Massachusetts Building Authority	Boston Student Housing P3	\$145	2015



Client	Project	Value (\$M)	Project Close
Oregon State University	OSU Cascades Development	\$42	2015
Springfield Township, Pennsylvania	Water System Monetization	\$17	2015
Pennsylvania DOT	Rapid Bridge Replacement P3	\$899	2015
Scranton Parking Authority/Scranton City	Parking Monetization	\$32	2016
Pennsylvania DOT	CNG P3	\$85	2016
Virginia Commonwealth University	Student Housing P3	\$99	2016
McKeesport Municipal Authority, Pennsylvania	Wastewater Monetization	\$156	Pending
Oklahoma City	Convention Center Hotel	\$235	Pending
University of South Florida	St. Petersburg Student Housing P3	TBA	Pending
Broward County	Convention Center Hotel	TBA	Pending
Eastern Michigan University	Parking Concession	TBA	Pending
Nassau County	District Energy Concession	TBA	Pending
Chatham County	Courthouse P3	TBA	Pending

Source: PFM Internal Records

Florida P3 regulations

Florida has long been recognized as one of a leading state in the evolution of U.S. P3 implementation. In 2013, HB created alternative procurement requirements for municipalities, school boards and other public entities for qualifying P3 projects in the following sectors:

- Public purpose facilities
- Ferries, mass transit, parking, airports, seaports, rail, fuel supply, oil or gas pipelines, water/wastewater facilities
- Medical, recreation, sporting, cultural, or education facilities
- Building improvements

The 2013 legislation created a standard framework for local governments to apply when evaluating and executing P3s and required that projects be owned by the public upon contract



termination. The statute also sets minimum standards for performance such as bonding, letters of credit and various forms of guarantees. It also contains measures designed to encourage and provide a process to assess unsolicited proposals.

More recently in 2016, SB 124 adjusted P3 requirements for local governments, allowing more flexibility for sophisticated municipalities to rely on home rule authority rather than the state-defined process. The measure provides for greater flexibility in procurement timelines, subject to a majority vote by a public entity's governing body.

P3 considerations

Keys to P3 implementation



Best practices for P3 create the conditions for successful outcomes (whether a transaction is executed as a P3 or not). Understanding the public entity's goals and objectives up front provides a yardstick to measure value and avoids "fishing expeditions" with ill-defined procurement instructions to potential private sector partners. From the outset, PFM's financial advisory team seeks to maximize the possible pool of bidders on behalf of our client, as maintaining competitive tension among potential partners is critical to driving greatest value.

P3 can be applicable in a variety of contexts, including delivery of new or "greenfield" projects and monetization of existing assets ("brownfield" projects). Characteristics often associated with the use of P3 to deliver new projects include:

- Large capital initiatives
- Complex projects with higher risk due to design and construction elements
- Accelerated delivery timeline
- Redevelopment and economic development

Examples of where P3s can drive value from existing assets include situations with:

- Underfunded lifecycle costs and deferred maintenance
- Improvements or expansion to existing facilities or projects
- Changing market characteristics allow for redevelopment and potential repricing



P3s can encompass a variety of structures, depending on the functions outsourced to the private partner. Typically, these functions can include Design-Build, Operate, Maintain and Finance. Therefore, a “full P3” transaction in which all functions are assumed by the private party is referred to as a DBFOM. Many hybrid forms exist, in which the public partner may retain a portion of either operations, maintenance or financing.

Extent of private sector involvement					
Less				Greater	
Public Sector	Public Private Partnerships				Private Sector
Civil works DBB DB Service contracts	Management and operating contracts	Leases	Concessions BOT DBO DBF DBFOM	Joint ventures Partial sales	Sales/ divestitures
Public ownership and finance			Mix of public and private ownership and finance		Private ownership and finance
Public operations	Mix of public and private operations				Private operations

Key: DBB=design-bid-build, DB=design-build, BOT=build-operate-transfer, DBO=design-build-operate, DBOF=design-build-operate-finance, DBOFM=design-build-operate-finance-maintain



Tab #4 – Information Requested

Proposers shall provide a statement in the affirmative, in Tab #4 of their Qualification, answering the Information Requested questions as described below. Proposers shall not alter the Information Requested questions in any way. Failure to comply shall result in the responses to the questions as being incomplete/nonresponsive

A. Outline your firm's financial advisement philosophy and strategies employed for adding value to portfolios.

At PFM, asset managers, financial advisors and consultants partner with clients to transform their world. Our clients have individual needs, and our tailored advice reflects this. We have the flexibility to support the largest endeavors any client could contemplate with teams that maintain the camaraderie, the collaboration, and the creativity that define working with PFM. We combine superior financial advice, disciplined management and ingenuity to build, power, move and educate. Proper communication with the City is of the utmost importance, no matter what type of market environment exists. We look at our involvement in any Client relationship as an extension of the Client's staff.

Our specific approach to serving and adding value to the City involves having a complete understanding of its existing and prospective debt portfolio. We recognize that the City has a moderate amount of debt outstanding and needs to assess how it should best proceed in implementing its capital plan for the next few years. The development of an appropriate debt policy is typically the first step in creating the framework for evaluating the financing options available to the City, but having recently reviewed the City's debt policy, we are comfortable with the framework that the City already has in place.

Another important step is identifying all of the potential financing options that may be available to finance a given group of projects. While bond financing is often the instrument of choice, we recognize that the nature of project, the source of revenues and debt service repayment and the useful life of the assets may lend themselves to other options such as capital or operating leases, private placements or bank loan debt. PFM would work with the City to evaluate all options that may be appropriate for the components of the City's capital plan and provide detailed analysis from which decisions can be made.

As part of the evaluation of the City's financing options, PFM routinely monitors the outstanding debt of the City in order to identify any potential refinancing opportunities. For example, during our time as financial advisor to the City, the City has completed a refunding for the Special Utility District's Series 2004 Bonds, providing the District with over \$3.2 million in net present value savings. Most recently, PFM and the City have discussed the potential refinancing of the Riviera Beach Community Redevelopment Agency's (CRA) Series 2011 note, a potential refunding that could save the CRA as much as \$800,000 on a net present value basis, depending on interest rate assumptions.

Finally, as mentioned previously, PFM uses a variety of proprietary tools in reviewing rating metrics for the City, including our credit model that assists in pinpointing strengths and opportunities for the City's credit. PFM's breadth of knowledge of rating metrics used by the



major rating agencies can help to advise the City and allow the City to make more informed decisions. For example, the City recently has worked with its rate consultant in order to provide for a utility revenue sufficiency study and wholesale rate evaluation. As a part of this study, the City's rate consultant recommended rate adjustments to the board as part of planning for proposed future utility bonds. PFM dialogued with the rate consultant, providing them with guidance around acceptable coverage ratio ranges that would allow the City to keep its existing bond ratings, and ran multiple scenario analyses if rate increases were not adopted. This additional level of detail partially informed the revised rate adjustment plan, allowing the City Council to make an informed decision when voting for the rate increases.

B. Describe in detail your process for developing and structuring procedures the issuance of tax exempt bonds. Describe in detail how this process differs with credit enhancement, lease financing, asset-back or taxable issuance.

We believe as a financial advisor, we should play an active part in designing and executing the financing strategies of our clients. We see ourselves as the City's partner in helping to achieve your specific goals. Our job is to make the City aware of suitable options at its disposal and their potential outcomes, and our goal is to provide the City with the tools it needs to craft a financing strategy that will lead to the lowest available cost of borrowing; be consistent with the City's broader policy and financial objectives; and preserve future flexibility. We provide a forum for ideas, an environment for testing conventional wisdom, and a platform for forging performance-improving strategies. Most importantly, we will help manage the process and execute the transactions.

When serving as financial advisor, PFM's financial advisory business takes an all-encompassing approach, ensuring that our clients' best interests are taken into account during each step of the bond issuance process. This begins with the creation of a team that consists of the optimal group of professionals who work all the way through post-issuance compliance on an ongoing basis. Within this section we provide a detailed description of this approach and how it benefits each of our clients.

Our approach is custom-tailored based on the project and stage of financing, however always contains the primary tenants of creating a marketable credit structure. Lease financing, whether to use credit enhancement, and taxable issuances are all variations among that common structural analysis, which is further detailed herein.

Creating the Optimal Team

Our flexible project-oriented approach to staffing engagements enables us to bring the proper mix of resources and experience to a client's issue or transaction. This may mean bringing together several members of the same advisory practice or it may entail organizing a team from several different practices and offices. Our specialized project teams ensure our clients receive complete and thorough advice directly from the PFM's financial advisory professionals most appropriate for their particular needs. This approach fosters creativity and innovation between our professionals and clients.



First, we designate specific team roles and responsibilities. Second, we marry these roles according to professional expertise needed to meet the scope of services. The core team proposed to serve the City is built upon a foundation of senior professionals located in our Coral Gables and Orlando offices. Sergio Masvidal will serve as engagement manager and coordinate a team of professionals that offers a mix of expertise in Florida public finance and the professional skills needed to advise a client such as the City.

Plan of Finance Development

The development of the most cost-effective financing plan available — as outlined in the table on the following page — is a key strength of PFM’s financial advisory practice. Throughout the course of the financing process, we will compile a set of the City’s unique attributes that we believe will prove valuable in our negotiation with other market players for the best-available terms for the City.

Plan of Finance	
Action	Objective(s)
1. Develop Financing and Debt Objectives	<ul style="list-style-type: none">Review consistency with formal written debt policies and procedures.Set parameters for measuring and making specific financing decisions.Demonstrate sophisticated financial management.
2. Prepare a Debt Profile	<ul style="list-style-type: none">Update comprehensive review of all outstanding indebtedness.Identify potential cost savings and other beneficial debt strategies.
3. Review Legal Structure	<ul style="list-style-type: none">Provide comprehensive review of bonding authority and bond covenants.Identify opportunities for financing flexibility within credit constraints.
4. Analyze Future Debt Capacity	<ul style="list-style-type: none">Determine ability to raise future debt capital.Identify rating concerns and/or opportunities.
5. Review Capital Budget	<ul style="list-style-type: none">Ensure a complete understanding of all anticipated capital needs in this changing plan.Match sources of capital funding to infrastructure needs.
6. Identify Financing Alternatives	<ul style="list-style-type: none">Inform issuer of pros and cons of different financing techniques.Outline potential financing strategies relevant to specific project.
7. Develop Final Financial Plan	<ul style="list-style-type: none">Document policies, processes, alternatives, and results.Formally recommend optimal financing plan and solution.



Transaction Management Process

As the plan of finance is refined, we will begin to lead the financing team through the transaction management process, as outlined in the table below:

Transaction Management	
Action	Objective(s)
1. Develop and Monitor Schedule	<ul style="list-style-type: none">▪ Serve as a plan for timely completion of financing.
2. Analyze Debt Structure Alternatives	<ul style="list-style-type: none">▪ Design a debt structure that maximizes market interest and future financing flexibility while consistent with debt policy.
3. Review Existing Debt Structure	<ul style="list-style-type: none">▪ Identify strengths/weaknesses so that future debt issues can be structured to maximize ability to finance future capital needs.
4. Recommend Negotiated or Competitive Sale	<ul style="list-style-type: none">▪ Tailor debt issue to the most efficient way to market debt and maximize investor interest/minimize interest cost.
5. Assist Issuer with Selection of Working Group Members	<ul style="list-style-type: none">▪ Select team that can most effectively bring the issue to market.
6. Develop Terms of Financing	<ul style="list-style-type: none">▪ Ensure credit quality and present terms are attractive to investors in order to create broad-based interest in the debt.▪ Maximize future flexibility.
7. Review Financing Documents	<ul style="list-style-type: none">▪ Monitor that all contractual and business terms are reviewed from the issuer's perspective.
8. Develop Marketing Plan	<ul style="list-style-type: none">▪ Coordinate institutional investor "road show" and/or enhanced bond-issue advertising.▪ Assist issuer seeking to maximize underwriter and investor interest in securities.
9. Develop Rating Presentation	<ul style="list-style-type: none">▪ Obtain highest-possible credit rating available for debt issue.▪ Formulate and implement long-term credit rating strategy.
10. Assist with Sale of Bonds and Evaluate Transaction	<ul style="list-style-type: none">▪ Assist in obtaining lowest interest rate for given market.▪ Provide written documentation of acceptability of bond sale.▪ Complete pricing analysis.
11. Assist with Bond Closing	<ul style="list-style-type: none">▪ Review complete compliance with all market and regulatory requirements.



C. Provide a summary chart of competitive, negotiated, or private placement of debt for which you played the senior advisory role in the past three (3) years.

Florida Financial Advisory New Issues								
Category	2015		2016		2017		TOTALS	
	# of Issues	Par Amount in Millions	# of Issues	Par Amount in Millions	# of Issues	Par Amount in Millions	# of Issues	Par Amount in Millions
Negotiated	62	4,875.3	50	3,958.7	40	4,179.6	152	13,013.6
Competitive	21	1,447.5	26	1,826.7	10	963.5	57	4,237.7
Private Placements	14	292.7	22	481.9	14	586.2	50	1,360.8
Florida Total	97	6,615.5	98	6,267.3	64	5,729.3	259	18,612.1

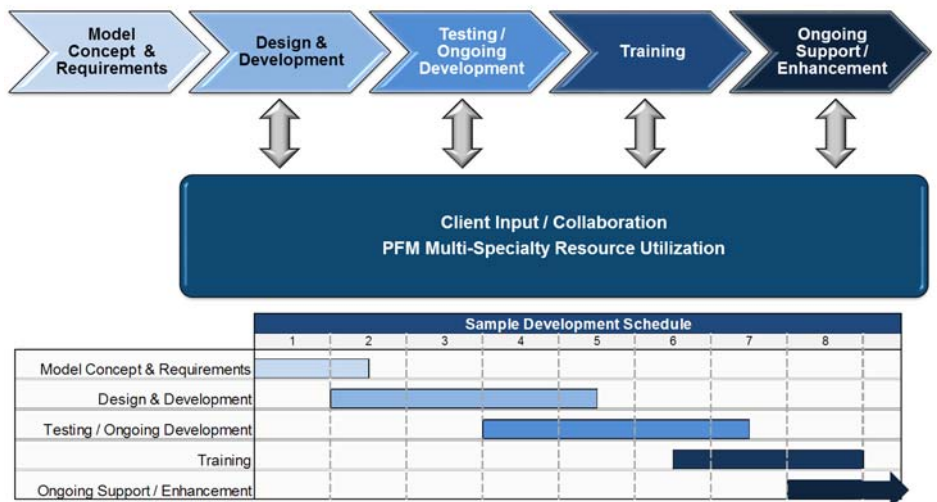
Source: Thomson Reuters

D. Describe the depth of your firm's analytical capabilities: personnel assigned to the modeling and the quantitative analyses, used of unique proprietary and other financial models, ability to analyze and verify time sensitive and complex bids and other proposed financings, etc.

We have a dedicated Quantitative Strategies Group ("QSG") that serves as in-house "problem-solvers" for challenges faced by our offices and clients throughout the country.

PFM's QSG is made up of professionals committed to developing proactive strategies and tools for all of our business practices. In addition to their roles as modeling experts and training coordinators, members of QSG develop customized solutions to meet each of our client's unique quantitative needs. We provide services that address the full scope of strategic and operational considerations, from capital financing approaches to strategic planning and budgeting, to investment-management tactics. Our models in financial risk management, structural optimization, refunding efficiency, forward pricing, other post-employment benefits ("OPEB"), and budget projection assist us in achieving these objectives.

While QSG originally was created to serve as an internal resource, we have found that the group offers unique value, talents, and services to our clients that may not be readily available from other firms.



In addition to providing ongoing support to our local and regional offices, QSG also constantly monitors the municipal market for new and emerging products and strategies that PFM's



financial advisory practice can develop and use for our clients. To further improve the accuracy and breadth of our leading quantitative resources, QSG maintains direct access to Bloomberg, Thomson Financial, Securities Data Corporation, Municipal Market Advisors, and other information services.

PFM's Financial Advisory Debt Profile Model

In an effort to present a comprehensive, yet simple-to-understand analysis of all historical and current debt, we have refined a process that has become known as “debt profiling.” Our debt profiles are easy-to-use and custom-built for each client. Each “series report” shows the important structural features of our client’s bonds, including: the maturity date, coupon, yield, call date and price, and eligibility for current or forward refunding under the recently updated tax code. As the City makes any changes to its debt portfolio, we will update the debt profile accordingly. Our debt profile also incorporates an “option value” model, which allows us to estimate the value each refunding is extracting from the theoretical option value of the outstanding bonds on a maturity-by-maturity basis. PFM maintains a debt profile on all of its clients’ outstanding debt. An example of one of the City’s debt profiles can be found below – PFM keeps the debt profiles separated by lien, and thus the example debt profile shown here relates to the City’s water and sewer revenue bonds.

City of Riviera Beach (FL) Utility Special District

as of: April 20, 2018

Series Name	Indenture	Status	Issue Size	Delivery Date	Final Maturity	Outstanding Par	Next Call Date
Series 1994	W&S Refunding Revenue Bonds	Refunding	4,825,000	8/3/94	10/1/04	-	-
Series 1997	Water and Sewer Revenue Bonds	New Money	9,000,000	3/4/97	10/1/16	-	-
Series 2004	Water and Sewer Revenue Bonds	New Money	31,495,000	9/23/04	10/1/34	-	-
Series 2014	Water and Sewer Revenue Bonds	Refunding	22,645,000	8/7/14	10/1/34	20,385,000	10/1/2024
Series 2016	Water and Sewer Revenue Bonds	Refunding	33,205,000	9/27/16	10/1/36	32,335,000	10/1/2026



Tab #5 – Reference

Provide a minimum of three municipal government references for clients that services were provided in the last five (5) years that are similar to the City’s service requirements (per Attachments B).

City of Plantation
400 NW 73 Avenue
Plantation, FL 33317

Anna Otiniano
Finance Director
(954) 797-2213
Aotiniano@plantation.org

Engagement Manager/ Project Manager:
Sergio Masvidal/ Pete Varona

Services Provided: Financial Advisory, Long-Term Planning, Debt Structuring and Optimization, Credit Rating Management, Ad Valorem Planning

Dates of Service: 2013 to Present
Transactions: 1 Issuance for \$49.37 million

City of Pompano Beach
100 W. Atlantic Blvd., Room 480,
Pompano Beach, FL 33060

Suzette Sibble
Finance Director
(954) 786-4680
suzette.sibble@copbfl.com

Engagement Manager /Project Manager:
Sergio Masvidal/ Pete Varona

Services Provided: Financial Advisory, Long-Term Planning, Debt Structuring and Optimization, Pledged Security Analysis, Credit Rating Management, Ad Valorem Planning

Dates of Service: 2009 to Present
Transactions: 2 issuances for \$26.095 million

City of Miami
444 SW Second Avenue
Miami, Florida 33130

Erica Paschal
Finance Director
(305) 416-1328
Epaschal@miamigov.com

Engagement Manager/ Project Manager:
Sergio Masvidal/ Pete Varona

Services Provided: Financial Advisory, Long-Term Planning, Debt Structuring and Optimization, Credit Rating Management, Ad Valorem Planning

Dates of Service: 2011 to Present
Transactions: 5 issuances for \$258.050 million



Tab #6 – Attachments/Required Forms

1. Proposers shall complete and submit the following forms with their Qualification. The forms shall be submitted in Tab #7 of the Qualification as described in Section II. Failure to include any required forms/information as described within this Qualification may result in a rejected Qualification. The final decision for acceptance/rejection of any Qualification related to this RFQ is at the sole discretion of the City.

PFM's completed forms are immediately following this page.

- ✓ A. Prospective Proposer Information Sheet, Attachment A
- ✓ B. References for Government Clients, Attachment B (place in Tab #2)
- ✓ C. Representatives and Disclosures, signed and notarized, Attachment C
- ✓ D. Financial Advisor's Certification, signed and notarized, Attachment D
- ✓ E. Non-Collusion Affidavit Certificate, signed and notarized, Attachment E
- ✓ F. Indemnification Clause, signed and notarized, Attachment F
- ✓ G. Drug-Free Workplace Certification, Attachment G
- ✓ H. Notification of Public Entity Crime Law, Attachment H
- ✓ I. Truth in Negotiation Certification, Attachment I
- ✓ J. Sworn Statement Pursuant to 287.133(3)(A), Florida Statutes, signed and notarized, Attachment J
- ✓ K. Schedules:
 - a. Schedule 1 - Participant for M/BE Contractors/Proposers
- ✓ L. W-9 Form

ATTACHMENT A



CITY OF RIVIERA BEACH
600 WEST BLUE HERON BLVD., SUITE 140
RIVIERA BEACH, FL 33404

PLAN HOLDER INFORMATION SHEET

EMAIL TO PRUCHASING@RIVIERABCH.COM OR FAX TO 561-842-5105

PROSPECTIVE PROPOSER INFORMATION SHEET
RFQ 944-18-12

Please complete and fax this document to the Procurement Department. Your information will be added to the current plan holder list and help to insure receipt of changes or additional information.

Procurement Department: Fax: 561-842-5105
Office: 561-845-4180

Contact Person Sergio Masvidal

Business Name PFM Financial Advisors LLC

Business Address 2222 Ponce De Leon Boulevard, 3rd Floor

Business Coral Gables, Florida 33134 City, State, Zip

Email Address: masvidals@pfm.com

Business Phone # 786.671.7480 Business Fax #

ATTACHMENT B
REFERENCES FOR GOVERNMENT CLIENTS

PROPOSER: PFM Financial Advisors LLC

List references for similar services provided within the last three (3) years:

(1) Name of Company: City of Plantation

Address: 400 NW 73 Avenue, Plantation, FL 33317

Contact Name and Title: Anna Otiniano, Finance Director

Contact Phone: (954) 797-2213 Contact Fax: (954) 797-2756

Contact Email: Aotiniano@plantation.org

Date Contract Began: 2013 Length of Contract Term: Present

Assigned Account Advisor: Sergio Masvidal

(2) Name of Company: City of Pompano Beach

Address: 100 W. Atlantic Blvd., Room 480, Pompano Beach, FL 33060

Contact Name and Title: Suzette Sibble, Assistant City Manager

Contact Phone: (954) 786-4680 Contact Fax: (954) 786-4687

Contact Email: suzette.sibble@copbfl.com

Date Contract Began: 2009 Length of Contract Term: Present

Assigned Account Advisor: Sergio Masvidal

(3) Name of Company: City of Miami

Address: 444 SW Second Avenue, Miami, FL 33130

Contact Name and Title: Erica Paschal, Finance Director

Contact Phone: (305) 416-1328 Contact Fax: (305) 416-1801

Contact Email: Epaschal@miamigov.com

Date Contract Began: 2011 Length of Contract Term: Present

Assigned Account Advisor: Sergio Masvidal

ATTACHMENT C

REPRESENTATIONS AND DISCLOSURES

STATE OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } SS:

I am an officer of the Financial Advisory Company, named below, submitting its qualifications under an RFQ and I am authorized to make the following Representations and Disclosures on behalf of the Financial Advisory Company. I certify or affirm that to the best of my knowledge and belief, the following statements are true:

1. Financial Advisor agrees that its Qualification may become part of any contract entered into between the City and the Financial Advisor.
2. There are no actual, apparent or potential conflicts of interest with Financial Advisor or any sub-Contractors or subcontractors that are present or could develop with respect to the scope of services for the project/study and any parties to this solicitation or any third parties.
3. Qualification of Financial Advisor's Qualification is made without connection with any persons, company or party making another Qualification, and that it is in all respects fair and in good faith without collusion or fraud.
4. Financial Advisor has not filed for Financial bankruptcy in the past five (5) years.
5. Neither Financial Advisor nor any of Financial Advisor's principals have been convicted of or indicted for a felony or fraud.
6. Financial Advisor and any parent corporations, affiliates, subsidiaries, members, shareholders, partners, officers, directors or executives thereof are not presently debarred, proposed for debarment or declared ineligible to bid or participate in any federal, state or local government agency projects and are not listed on the Florida convicted vendor list.
7. Financial Advisor warrants that it has not employed or retained any company or person, other than a bona fide employee working solely for Financial Advisor, to solicit or secure an award under this RFQ and that it has not paid or agreed to pay any person, company, corporation, individual, or Financial Advisor, other than a bona fide employee working solely for Financial Advisor, any fee, Council, percentage, gift, or any other consideration contingent upon or resulting from an award.
8. Financial Advisor certifies the compensation and hourly rates and other expenses or costs to be compensated as proposed are accurate, complete and current and the time of contracting and no higher than those charged to the Financial Advisor's other customers for the same or substantially similar service in the Southeast Region of the United States during the preceding twelve (12) month period.
9. Financial Advisor certifies to the best of its knowledge and belief that no funds or other resources received in connection with an award of a contract from this RFQ shall be used directly or indirectly to influence legislation or any other official action by the Florida Legislature or any state agency.

I certify and affirm that to the best of my knowledge and belief, the above 9 statements are true.

Financial Advisor: PFM Financial Advisors LLC

Officer's Name: Steve Boyle Title: Secretary & Treasurer

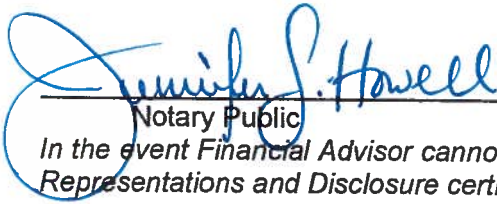
Signature: 

BANKED AND SIGNED before me this 3rd day of April, 2018

by Steve Boyle (name) as Secretary & Treasurer (title) of

PFM Financial Advisors LLC (Financial Advisor Financial Advisor), and who is personally known to me

or produced _____ as identification.



Notary Public

Notary Stamp:

In the event Financial Advisor cannot execute this form as drafted, Financial Advisor may substitute a similar Representations and Disclosure certifying to the facts applicable to the Financial Advisor.

**ATTACHMENT D
FINANCIAL ADVISOR'S CERTIFICATION**

I have carefully examined the Request for Qualification, Instructions to Financial Advisors, General and/or Special Conditions, Specifications, Qualification and any other documents accompanying or made a part of this invitation.

I hereby propose to furnish the goods or services specified in the Request for Qualification at the prices or rates quoted in my Qualification. I agree that my Qualification shall remain Financial Advisor for a period of up to ninety (90) days in order to allow the City adequate time to evaluate the Qualifications. Furthermore, I agree to abide by all conditions of the Qualification.

I certify that all information contained in this Qualification is truthful to the best of my knowledge and belief. I further certify that I am duly authorized to submit this Qualification on behalf of the Financial Advisor/business as its act and deed and that the Financial Advisor/business is ready, willing and able to perform if awarded the contract.

I further certify that this Qualification is made without prior understanding, agreement, connection, discussion, or collusion with any person, Financial Advisor or corporation submitting a Qualification for the same product or service; no officer, employee or agent of the City or of any other Financial Advisor interested in said Qualification; and that the undersigned executed this Financial Advisor's Certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

PFM Financial Advisors LLC

NAME OF BUSINESS

masvidals@pfm.com

E-MAIL ADDRESS

BY:


SIGNATURE

Sworn to and subscribed before me this 10th
day of April, 2018.

Sergio Masvidal, Managing Director

PRINTED NAME AND TITLE


SIGNATURE OF NOTARY

2222 Ponce De Leon, 3rd Floor

MAILING ADDRESS

MY COMMISSION EXPIRES: April 18, 2020

Coral Gables, FL 33134

City, STATE, ZIP CODE

PERSONALLY KNOWN X

(786) 671-7480

TELEPHONE NUMBER

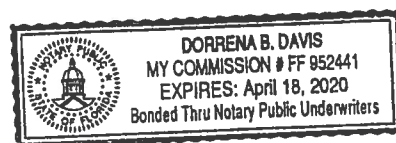
OR PRODUCED

N/A

FAX NUMBER

IDENTIFICATION _____

TYPE: _____



ATTACHMENT E
NON-COLLUSION AFFIDAVIT

I state that I am Managing Director of PFM Financial Advisors LLC

(Title)

(Name of Financial Advisor)

and that I am authorized to make this AFFIDAVIT on behalf of my Financial Management Company, and its owners, directors, and officers. I am the person responsible in my Financial Advisor for the price(s) and the amount of this Qualification.

I state that:

(1) The budgets shown in this Qualification have been arrived at independently and without consultation, communication or agreement with any other contractor, responder, or potential responder to this Request for Qualification (RFQ).

(2) Neither the price(s) nor the amount of the Qualification, and neither the approximate budgets nor approximate amounts in this Qualification, have been disclosed to any other Financial Advisor or person who is a responder or potential responder to this RFQ, and they shall not be disclosed before the Qualification opening.

(3) No attempt has been made or shall be made to induce any Financial Advisor or person to refrain from responding to this RFQ, or to induce them to submit a budget that is higher than the budget in this Qualification, or to submit any intentionally high or noncompetitive Qualification or other form of non-responsive Qualification.

(4) The Qualification and budget prepared by my Financial Advisor is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any Financial Advisor or person to submit a complementary or other noncompetitive Qualification.

(5) Vendor shall disclose below, to their best knowledge, any Riviera Beach officer or employee, or any relative of any such officer or employee as defined in Section 112.3135 (1) ©, Fla. Stat. (1989), who is an officer or director of, or has a material interest in, the vendor's business, who is in a position to influence this procurement. Any Riviera Beach officer or employee who has any input into the writing of specifications or requirements, solicitation of offers, decision to award, evaluation of offers, or any other activity pertinent to this procurement is presumed, for purposes hereof, to be in a position to influence this procurement. For purposes hereof, a person has a material interest if he/she directly or indirectly owns more than 5 percent of the total assets or capital stock of any business entity, or if they otherwise stand to personally gain if the contract is awarded to this vendor.

Failure of a vendor to disclose any relationship described herein shall be reason for debarment in accordance with the provisions of the City Procurement Code.

(6) PFM Financial Advisors LLC, it's affiliated, subsidiaries, officers, directors, and

(Name of Financial Advisor)

employees are not currently under investigation by any governmental agency and have not in the last four years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as follows:

I state that PFM Financial Advisors LLC understands and acknowledges that the (Name of Financial Advisor)

above representations are material and important, and shall be relied on by the City in awarding the contract(s) for which this Qualification is submitted. I understand and my Financial Advisor understands that any misstatement in this affidavit is and shall be treated as fraudulent concealment from the City of Riviera Beach of the true facts relating to the submission of Qualifications for this contract.



Signature

Sergio Masvidal, Managing Director

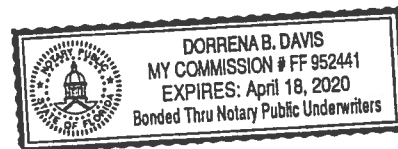
(Print Name and Title)

SWORN TO AND SUBSCRIBED

BEFORE ME THIS 18th DAY
OF April, 2018



(Notary Public)



My Commission Expires April 18, 2020

**ATTACHMENT F
INDEMNIFICATION CLAUSE**

The parties agree that one percent (1%) of the total compensation paid to Proposer for the work of the contract shall constitute specific consideration to Proposer for the indemnification to be provided under the Contract. The Proposer shall indemnify and hold harmless the City Commission, the City of Riviera Beach, and their agents and employees from and against all claims, damages, losses and expenses including attorney's fees arising out of or resulting from the **negligent or intentionally wrongful** performance of the work provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself) including the loss of use resulting therefrom, and (2) is caused in whole or in part by any negligent act or omission of the Proposer, ~~any subcontractor~~, anyone directly or indirectly employed by any of them or anyone for whose **negligent or intentionally wrongful** acts any of them may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

In any and all claims against the City, or any of their agents or employees by any employee of the Proposer, ~~any subcontractor~~, anyone directly or indirectly employed by any of them or anyone for whose **negligent or intentionally wrongful** acts any of them may be liable, the indemnification obligation under this Paragraph shall not be limited in any way by any limitation on this amount or type of damages compensation or benefits payable by or for the Proposer or any subcontractor under Workers' Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts. Nothing in this section shall affect the immunities of the City pursuant to Chapter 768, Florida Statutes.

PFM Financial Advisors LLC
Proposer's Name

[Signature]
Signature

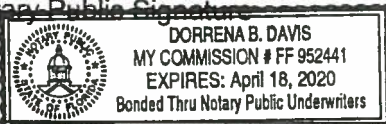
4/18/18
Date

State of Florida

County of Orange

The foregoing instrument was acknowledged before me this 18th day of April, 2018, by Sergio Masvida I, who is (who are) personally known to me or who has produced _____ as identification and who did (did not) take an oath.

[Signature]
Notary Public Signature



Notary Name, Printed, Typed or Stamped

Commission Number: April 18, 2020

Explanation: PFM Financial Advisors LLC respectfully requests the opportunity to negotiate the indemnification language in any resulting agreement so that PFM Financial Advisors LLC's obligation to indemnify is limited to circumstances in which its performance has been wrongful, which would include negligent or intentionally wrongful acts.

Explanation: PFM Financial Advisors LLC respectfully requests the opportunity to negotiate this language in any resulting agreement as any subcontractor, to the extent permitted and utilized to deliver any services, will be acting solely as an independent contractor and not an agent or employee of PFM Financial Advisors LLC.

**ATTACHMENT G
DRUG FREE WORKPLACE**

Preference shall be given to businesses with drug-free workplace programs. Whenever two (2) or more Qualifications which are equal with respect to price, quality, and service are received by the State or by any political subdivision for the procurement of commodities or contractual services, a Qualification received from a business that certifies that it has implemented a drug-free workplace program shall be given preference in the award process. Established procedures for processing tie Qualifications shall be followed if none of the tied vendors have a drug-free workplace program. In order to have a drug-free workplace program, a business shall:

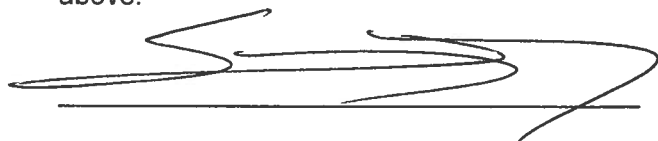
1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that shall be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under contract a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under contract, the employee shall abide by the terms of the statement and shall notify the employer of any conviction of, or plea of guilty or *nolo contendere* to, any violation of chapter 893 of the Florida Statutes or of any controlled substance law of the United States or any state for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this form complies fully with the above requirements.

THIS CERTIFICATION is submitted by Sergio Masvidal the
(INDIVIDUAL'S NAME)

Managing Director Of PFM Financial Advisors LLC
(TITLE/POSITION WITH COMPANY/VENDOR) (NAME OF COMPANY/VENDOR)

who does hereby certify that said Company/Vendor has implemented a drug free workplace program which meets the requirements of Section 287.087, Florida Statutes, which are identified in numbers (1) through (6) above.



SIGNATURE



DATE

**ATTACHMENT H
CITY OF RIVIERA BEACH**

NOTIFICATION OF PUBLIC ENTITY CRIMES LAW

Pursuant to Section 287.133, Florida Statutes (1995), you are hereby notified that a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a Qualification on a contract to provide any goods or services to a public entity, may not submit a Qualification on a contract with a public entity for the construction or repair of a public building or public work, may not submit Qualifications on leases or real property to a public entity, may not be awarded or perform work as a Financial Advisor , supplier, sub Financial Advisor , or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in s. 287.017 [F.S.] for CATEGORY TWO [\$10,000.00] for a period of 36 months from the date of being placed on the convicted vendor list.

Acknowledged by:

PFM Financial Advisors LLC

Financial Advisor Name



Signature

Sergio Masvidal, Managing Director

Name & Title (Print or Type)

**ATTACHMENT I
TRUTH IN NEGOTIATIONS CERTIFICATE**

This is to certify that, to best of my knowledge and belief, the cost or pricing data submitted, either actually or by specific identification in writing, to the Contracting Officer or the Contracting Officer's representative in support of _____

*

are accurate, complete, and current as of _____ **

This certification includes the cost or pricing data supporting any advance agreements and forward pricing rate agreements between Financial Advisor and the City that are part of the Qualification.

FINANCIAL ADVISOR: _____ PFM Financial Advisors LLC

SIGNATURE: _____

NAME: Sergio Masvidal

TITLE: Managing Director

DATE: 4/18/18

*Identify the Qualification, request for price adjustment, or other submission involved, giving the appropriate identifying number (e.g., RFQ No.).

** Insert the day, month, and year when price negotiations were concluded and price agreement was reached, of, if applicable, an earlier date agreed upon between the parties that is as close as practicable to the date of agreement on price.

*** Insert the day, month, and year of signing, which should be as close to practicable to the date when the price negotiations were concluded and the contract price was agreed to.

ATTACHMENT J
SWORN STATEMENT PURSUANT TO SECTION 287.133(3)(A), FLORIDA STATUTES,
ON PUBLIC ENTITY CRIMES

THIS FORM SHALL BE SIGNED AND SWORN TO IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICIAL AUTHORIZED TO ADMINISTER OATHS.

1. THIS SWORN STATEMENT IS SUBMITTED TO City of Riviera Beach
by Steve Boyle, Secretary & Treasurer
(Print Individual's Name and Title)
for PFM Financial Advisors LLC
(Print Name of Entity Submitting Sworn Statement)
whose business
is Financial Advisory Services

and (if applicable) its Federal Employer Identification Number (FEIN) is 81-1642787

2. I understand that a "public entity crime" as defined in Paragraph 287.133 (1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity or with an agency or political subdivision of any other state or of the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or political subdivision of any other state or of the United States and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material misrepresentation.
3. I understand that "convicted" or "conviction" as defined in Paragraph 287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, nonjury trial, or entry of a plea of guilty or nolo contendere.
4. I understand that an "affiliate" as defined in Paragraph 287.133(1)(a), Florida Statutes, means:
- a. A predecessor or successor of a person convicted of a public entity crime; or
 - b. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members and agents who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.
5. I understand that a "person" as defined in Paragraph 287.133(1)(e), Florida Statutes, means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provisions of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.

6. Based on information and belief, the statement which I have marked below is true in relation to the entity submitting this sworn statement. (Indicate which statement applies).

X Neither the entity submitting this sworn statement, nor any of its officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity, nor any affiliates of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989.

The entity submitting this sworn statement, or one or more of its officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity, or an affiliate of the entity has been charged with and convicted of a public entity crime subsequent to July 1, 1989. However, there has been a subsequent proceeding before a Hearing Officer of the State of Florida, Division of Administrative Hearings and the Final Order entered by the Hearing Officer determined that it was not in the public interest to place the entity submitting this sworn statement on the convicted vendor list. (Attach a copy of the final order).

I UNDERSTAND THAT THE SUBMISSION OF THIS FORM TO THE CONTRACTING OFFICER FOR THE PUBLIC ENTITY IDENTIFIED IN PARAGRAPH 1 (ONE) ABOVE IS FOR THAT PUBLIC ENTITY ONLY AND, THAT THIS FORM IS VALID THROUGH DECEMBER 31 OF THE CALENDAR YEAR IN WHICH IT IS FILED. I ALSO UNDERSTAND THAT I AM REQUIRED TO INFORM THE PUBLIC ENTITY PRIOR TO ENTERING INTO A CONTRACT IN EXCESS OF THE THRESHOLD AMOUNT PROVIDED IN SECTION 287.017, FLORIDA STATUTES, FOR A CATEGORY TWO OF ANY CHANGE IN THE INFORMATION CONTAINED IN THIS FORM.

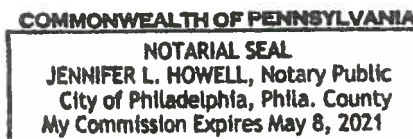
[Signature]
(Signature)

Sworn and subscribed before me this 3rd day of April , 2014.

Personally known X

(Notary)
OR produced identification Notary Public State of Pennsylvania

My commission expires: May 8, 2021
(Type of Identification)



SCHEDULE 1
PARTICIPATION FOR M/WBE CONTRACTORS/PROPOSERS

RFQ TITLE: Financial Advisory Services

RFQ NUMBER: 944-18-2

NAME OF PRIME BIDDER: PFM Financial Advisors LLC

RFQ OPENING DATE: 4/26/18

CONTACT PERSON: Sergio Masvidal TELEPHONE NUMBER: (786) 671-7480

EMAIL: masvidals@pfm.com

NAME, ADDRESS & TELEPHONE NUMBER OF MINORITY CONTRACTOR	TYPE & DESCRIPTION OF WORK TO BE PERFORMED	BLACK	HISPANIC	OTHER	WOMEN
NOT APPLICABLE					
TOTAL					

TOTAL PARTICIPATION: _____%

TO BE COMPLETED BY
PRIME PROPOSER:

RFQ PRICE: _____

Request for Taxpayer Identification Number and Certification

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Give Form to the
requester. Do not
send to the IRS.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

PFM Financial Advisors LLC

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC

☐ C Corporation

☐ S Corporation

☐ Partnership

☐ Trust/estate

☒ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► **P**

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ►

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

1735 Market Street, 43rd Floor

6 City, state, and ZIP code

Philadelphia, PA 19103

7 List account number(s) here (optional)

Requester's name and address (optional)

Print or type.
See Specific Instructions on page 3.

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

____ - ____ - ____

or

Employer identification number

8 1 - 1 6 4 2 7 8 7

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign
Here

Signature of
U.S. person ►

Date ► **January 1, 2018**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/27/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Conner Strong & Buckelew Two Liberty Place 50 S. 16th Street, Suite 3600 Philadelphia, PA 19102	CONTACT NAME:	
	PHONE (A/C, No, Ext): 877-861-3220	FAX (A/C, No): 856-830-1535
INSURED PFM Financial Advisors LLC 1735 Market Street 43rd Floor Philadelphia, PA 19103-2770	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A : Great Northern Insurance Company	NAIC # 20303
	INSURER B : Federal Insurance Company	20281
	INSURER C : Vigilant Insurance Company	20397
	INSURER D :	
INSURER E :		
INSURER F :		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER		35363950 Combined Total Aggregate \$10M	11/30/2017	11/30/2018	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$Included In \$General Aggre
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY		73248555	11/30/2017	11/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$		79774080	11/30/2017	11/30/2018	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input checked="" type="checkbox"/> Y/N N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	71739979	01/01/2018	01/01/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
A	Property		35363950	11/30/2017	11/30/2018	See Limits Listed Below

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

PROPERTY LIMITS:

- PERSONAL PROPERTY & EDP BLANKET LIMIT: \$8,277,500
- BUSINESS INCOME WITH EXTRA EXPENSE BLANKET LIMIT: \$2,202,500
- ACCOUNTS RECEIVABLE BLANKET LIMIT: \$615,000
- VALUABLE PAPERS BLANKET LIMIT: \$298,750

CERTIFICATE HOLDER

CANCELLATION

EVIDENCE OF COVERAGE	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>W. Michael Tripp</i>



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/29/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER Crystal & Company Crystal IBC LLC 32 Old Slip New York NY 10005		CONTACT NAME: Brian Rozynski PHONE (A/C, No, Ext): 212-504-1882 E-MAIL ADDRESS: brian.rozynski@crystalco.com FAX (A/C, No): 212-504-1899															
INSURED PUBLFI PFM Financial Advisors LLC 1735 Market Street 43rd Floor Philadelphia PA 19103		INSURER(S) AFFORDING COVERAGE <table border="1"><thead><tr><th>INSURER</th><th>NAIC #</th></tr></thead><tbody><tr><td>INSURER A: Endurance American Specialty Insurance</td><td>41718</td></tr><tr><td>INSURER B: XL Specialty Insurance Company</td><td>37885</td></tr><tr><td>INSURER C: Continental Casualty Company</td><td>20443</td></tr><tr><td>INSURER D: Starr Indemnity & Liability Co</td><td>38318</td></tr><tr><td>INSURER E: Everest National Insurance Company</td><td>10120</td></tr><tr><td>INSURER F:</td><td></td></tr></tbody></table>		INSURER	NAIC #	INSURER A: Endurance American Specialty Insurance	41718	INSURER B: XL Specialty Insurance Company	37885	INSURER C: Continental Casualty Company	20443	INSURER D: Starr Indemnity & Liability Co	38318	INSURER E: Everest National Insurance Company	10120	INSURER F:	
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INSURER F:																	

COVERAGES**CERTIFICATE NUMBER:** 1478023807**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
D E	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$			1000620602171 FL5ML00220171	11/30/2017 11/30/2017	11/30/2018 11/30/2018	EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A B C	Professional Liability			FIP10008161702 ELU15313117 596398650	11/30/2017 11/30/2017 11/30/2017	11/30/2018 11/30/2018 11/30/2018	Limit of Liability \$30,000,000 Aggregate Limit

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Evidence of coverage only.

THE PROFESSIONAL LIABILITY POLICY IS NON-CANCELABLE BY THE INSURER EXCEPT FOR NON-PAYMENT OF PREMIUM.

CERTIFICATE HOLDER**CANCELLATION**

PFM Financial Advisors LLC 1735 Market Street 43rd Floor Philadelphia PA 19103	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Crystal & Company</i>

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/6/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER Crystal & Company Crystal IBC LLC 32 Old Slip New York NY 10005	CONTACT NAME: Phyllis Chechile PHONE (A/C, No, Ext): 212-504-5909 FAX (A/C, No): 212-504-1899 E-MAIL ADDRESS: phyllis.chechile@crystalco.com
INSURED PFM Financial Advisors LLC 1735 Market Street 43rd Floor Philadelphia PA 19103	INSURER(S) AFFORDING COVERAGE INSURER A: Federal Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:
PUBLI	NAIC # 20281

COVERAGES**CERTIFICATE NUMBER:** 198876327**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.I. EACH ACCIDENT \$ E.I. DISEASE - EA EMPLOYEE \$ E.I. DISEASE - POLICY LIMIT \$
A	Financial Institution Bond			81470605	11/30/2017	11/30/2018	\$10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of Coverage Only

CERTIFICATE HOLDER**CANCELLATION**

PFM Financial Advisors LLC	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Crystal & Company</i>

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Appendices



A. Audited Financial Statement

**PFM I, LLC
AND SUBSIDIARIES**

**Consolidated Financial Statements
December 31, 2016 and 2015**

**Kreischer
Miller**

PEOPLE | IDEAS | SOLUTIONS

PFM I, LLC AND SUBSIDIARIES

December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statements of Changes in Members' Equity	3
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Independent Auditors' Report

The Board of Directors and Members
PFM I, LLC and Subsidiaries

We have audited the accompanying consolidated financial statements of PFM I, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PFM I, LLC and Subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Krischa Miller

Horsham, Pennsylvania
March 30, 2017

PFM I, LLC AND SUBSIDIARIES

Consolidated Balance Sheets December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,858,066	\$ 2,330,453
Investments in held-to-maturity debt securities	999,078	-
Accounts receivable, net	22,004,802	17,275,308
Work-in-process, net	10,167,544	12,324,728
Prepaid expenses and other current assets	4,758,204	7,969,178
Total current assets	41,787,694	39,899,667
Equipment and improvements, net	11,492,377	6,401,354
Intangible assets, net	3,185,106	3,455,396
Other assets	572,131	1,022,126
Deferred income taxes	6,615,000	6,044,000
Goodwill	113,231,202	113,136,048
Total assets	\$ 176,883,510	\$ 169,958,591
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Line of credit	\$ 2,000,000	\$ 5,000,000
Current portion of long-term debt, net	4,374,702	3,812,202
Current portion of capital lease obligations	415,398	-
Accounts payable	1,970,319	1,169,782
Current portion of accrued expenses	38,618,166	39,694,927
Deferred revenue	736,008	305,299
Total current liabilities	48,114,593	49,982,210
Long-term debt, net	71,149,752	75,524,454
Capital lease obligations, net of current portion	1,157,962	-
Accrued expenses, net of current portion	6,200,277	6,642,077
Deferred rent	4,571,030	904,688
Total liabilities	131,193,614	133,053,429
Members' equity:		
Members' equity	45,938,926	37,497,659
Contributions receivable	(249,030)	(592,497)
Total members' equity	45,689,896	36,905,162
Total liabilities and members' equity	\$ 176,883,510	\$ 169,958,591

See accompanying notes to consolidated financial statements.

PFM I, LLC AND SUBSIDIARIES

Consolidated Statements of Income Years Ended December 31, 2016 and 2015

	2016	2015
Revenues:		
Professional fees	\$ 176,256,704	\$ 154,315,122
Other income	712,176	157,276
	<u>176,968,880</u>	<u>154,472,398</u>
Expenses:		
Salaries, incentive compensation, and employee benefits	112,837,105	96,422,099
General and administrative	39,972,324	36,407,744
Interest expense	4,649,958	4,711,751
Other expense	14,351	150,477
	<u>157,473,738</u>	<u>137,692,071</u>
Income before provision for income taxes	19,495,142	16,780,327
Provision for income taxes	6,683,000	15,672,399
Net income	<u>\$ 12,812,142</u>	<u>\$ 1,107,928</u>

See accompanying notes to consolidated financial statements.

PFM I, LLC AND SUBSIDIARIES

**Consolidated Statements of Changes in Members' Equity
Years Ended December 31, 2016 and 2015**

	Common Members' Equity ¹	Common Members' Equity Contributions Receivable	Total Members' Equity
Balance, December 31, 2014	\$ 40,556,899	\$ (1,589,411)	\$ 38,967,488
Members' contributions	4,038,655	196,914	4,235,569
Equity-based compensation expense recorded in connection with note receivable (Note 8)	-	800,000	800,000
Equity-based compensation expense recorded in connection with unit grant agreements (Note 15)	71,000	-	71,000
Redemption of common members' equity	(4,789,123)	-	(4,789,123)
Members' distributions	(3,487,700)		(3,487,700)
Net income	1,107,928	-	1,107,928
Balance, December 31, 2015	37,497,659	(592,497)	36,905,162
Members' contributions	4,333,051	143,467	4,476,518
Equity-based compensation expense recorded in connection with note receivable (Note 8)	-	200,000	200,000
Equity-based compensation expense recorded in connection with unit grant agreements (Note 15)	119,144	-	119,144
Redemption of common members' equity	(4,466,370)	-	(4,466,370)
Members' distributions	(4,356,700)	-	(4,356,700)
Net income	12,812,142	-	12,812,142
Balance, December 31, 2016	\$ 45,938,926	\$ (249,030)	\$ 45,689,896

¹Common equity includes 39,070,416 Class C units as of December 31, 2016. As of December 31, 2015 and 2014, common equity includes 18,172,423 and 18,303,813 Class C-1 units, respectively, and 20,908,057 and 21,059,226 Class C-2 units, respectively.

See accompanying notes to consolidated financial statements.

PFM I, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income	\$ 12,812,142	\$ 1,107,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in fair value of contingent consideration	136,001	35,606
Change in fair value of deferred consideration	337,632	24,135
Change in fair value of interest rate swap	14,351	150,477
Accretion of discount on held-to-maturity investments	(811)	-
Depreciation and amortization	3,552,280	2,498,364
Amortization of debt issuance costs	125,298	125,299
Change in accounts receivable reserve	(31,767)	228,081
Change in work-in-process reserve	185,000	(340,112)
Deferred income taxes	(571,000)	8,862,000
Equity-based compensation expense	319,144	871,000
Payments received for tenant improvements	3,159,170	-
(Increase) decrease in:		
Accounts receivable	(4,697,727)	(803,729)
Work-in-process	1,972,184	1,350,245
Prepaid expenses and other current assets	3,210,974	(3,895,644)
Other assets	435,644	229,225
Increase (decrease) in:		
Accounts payable	800,537	(525,241)
Accrued expenses	(1,893,074)	(57,470)
Deferred revenue	430,709	-
Deferred rent	507,172	(307,603)
Net cash provided by operating activities	20,803,859	9,552,561
Cash flows from investing activities:		
Purchases of held-to-maturity-investments	(998,267)	-
Purchases of equipment and improvements	(6,124,572)	(2,336,114)
Equipment and improvements acquired under capital lease obligations	(1,698,441)	-
Acquisition of A.C. Advisory, Inc.	(150,000)	-
Acquisition of Stauder Barch & Associates, Inc.	-	(4,700,000)
Net cash used in investing activities	(8,971,280)	(7,036,114)

Continued...

PFM I, LLC AND SUBSIDIARIES

Consolidated Statements of Cash Flows, Continued Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from financing activities:		
Net borrowings on (repayments of) line of credit	(3,000,000)	5,000,000
Repayments of long-term debt	(3,937,500)	(3,375,000)
Payment of contingent consideration	(1,200,000)	(107,952)
Advances under capital lease obligations	1,720,450	-
Payments on capital lease obligations	(147,090)	-
Members' contributions	4,476,518	4,235,569
Members' distributions	(3,750,974)	(3,087,700)
Redemption of common members' equity	(4,466,370)	(4,789,123)
Net cash used in financing activities	(10,304,966)	(2,124,206)
Net increase in cash and cash equivalents	1,527,613	392,241
Cash and cash equivalents, beginning of year	2,330,453	1,938,212
Cash and cash equivalents, end of year	\$ 3,858,066	\$ 2,330,453

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$ 4,372,513	\$ 4,624,587
Income taxes	\$ 8,431,244	\$ 7,027,785

Supplemental disclosure of noncash investing and financing activities:

As described in Note 2, the Company has accrued tax distributions of \$1,005,726 and \$400,000 as of December 31, 2016 and 2015, respectively.

In connection with the 2016 acquisition of A.C. Advisory, Inc. described in Note 4, PFM Financial Advisors LLC incurred contingent consideration with a fair value of \$495,154.

During the year ended December 31, 2016, the Company disposed of fully depreciated equipment totaling \$16,988,252.

In connection with the 2015 acquisition of Stauder Barch & Associates described in Note 4, Public Financial Management, Inc. incurred contingent consideration with a fair value of \$1,888,216.

In connection with the 2015 acquisition of Whitebirch Software, Inc. described in Note 4, PFM Ventures, LLC incurred deferred consideration with a fair value of \$5,587,241.

See accompanying notes to consolidated financial statements.

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(1) Nature of Business

As of December 31, 2016, PFM I, LLC (PFM I) wholly owns PFM Investment, LLC (PFM Investment). PFM Investment wholly owns Public Financial Management, Inc., PFM Asset Management LLC and Subsidiaries, PFM Financial Services LLC, PFM Swap Advisors LLC, PFM Ventures, LLC and Subsidiary, PFM Financial Advisors LLC and Subsidiary, and PFM Group Consulting LLC.

PFM I will continue until the occurrence of an event of dissolution as described in its third amended and restated limited liability company operating agreement (the Operating Agreement). Events of dissolution include the written consent of holders of at least 76% of the member units, the sale or disposition of substantially all of PFM I's assets, or any event specified under law as an event causing dissolution of PFM I.

Public Financial Management, Inc. (PFM) is a professional services firm that specializes in providing financial advisory services primarily to state and local governments and nonprofit institutions throughout the United States. Financial advisory services relate principally to the structuring, pricing and rating of debt, and consulting on finance related matters.

PFM Asset Management LLC (PFMAM) is an investment advisory firm that specializes in providing money-management and investment advisory services primarily to state and local governments, nonprofit institutions and retirement plans throughout the United States.

PFM Fund Distributors, Inc. (Fund Distributors), a wholly-owned subsidiary of PFMAM, is a broker-dealer whose sole purpose is to serve as the distributor or marketing agent for local government investment pools and registered investment companies for which PFMAM serves as investment adviser and/or administrator and/or transfer agent. Shares in these local government investment pools and registered investment companies are offered and sold only to institutional investors, the majority of which are state and local governmental entities. Fund Distributors has no present plans to buy, sell, or trade securities.

BondResource Partners, LP and BondResource Partners, LLC (collectively, BondResources) are wholly-owned subsidiaries of PFMAM. BondResources is a professional services firm that specializes in providing bond management services and calculations primarily to tax-exempt entities.

PFM Financial Services LLC (FiServ) provides a national program for procurement cards, issued through an unrelated financial institution.

PFM Swap Advisors LLC (PFMSA) is a professional services firm that specializes in assisting clients with interest-rate swaps and other derivatives.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(1) Nature of Business, Continued

PFM Ventures, LLC (PFM Ventures) is a holding company that owns PFM Solutions LLC.

PFM Solutions LLC (PFM Solutions), a subsidiary of PFM Ventures, specializes in providing customized, comprehensive strategic planning services to governmental, not-for-profit, and for-profit institutions. PFM Solutions was formed during the year ended December 31, 2015 as part of PFM Ventures' acquisition of Whitebirch Software, Inc. (Whitebirch). See Note 3 for details of the acquisition.

PFM Financial Advisors LLC (PFMFA) is a professional services firm that specializes in providing financial advisory services primarily to state and local governments and nonprofit institutions throughout the United States. Financial advisory services relate principally to the structuring, pricing and rating of debt, and consulting on finance related matters.

Western Financial Group, LLC (WFG) is a wholly-owned subsidiary of PFMFA. WFG is a professional services firm that provides financial advisory services primarily to state and local governments and nonprofit institutions principally in the Northwestern United States.

PFM Group Consulting LLC (PFMGC) is a professional services firm that specializes in providing consulting services primarily to state and local governments and nonprofit institutions throughout the United States. Consulting services are primarily analyses to assist with better governmental operating outcomes.

ICV/PFM Investor, Inc. (InvestorCo) was a wholly-owned subsidiary of PFM I until it was liquidated during 2015. InvestorCo acted as a holding company that owned class C-2 member units of PFM I. During 2015, the liquidation of InvestorCo resulted in a tax liability of \$5,000,000. Additionally, the Company incurred \$1,500,000 and \$2,700,000 of additional income tax expense from the usage and write-off, respectively, of net operating loss carryforwards and other deferred tax assets, which is recorded in provision for income taxes in the accompanying 2015 consolidated statement of income.

(2) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of PFM I, PFM Investment, PFM, PFMAM and Subsidiaries, FiServ, PFMSA, PFM Ventures and Subsidiary, PFMFA and Subsidiary, PFMGC, and InvestorCo (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Cash Equivalents

Short-term investments and other highly liquid instruments having original maturities of three months or less are considered to be cash equivalents.

Investments

The Company determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determinations at each reporting date. Debt securities are classified as held to maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded as either short-term or long-term on the accompanying consolidated balance sheets, based on contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized in earnings. Debt securities not classified as held to maturity are classified as available for sale, and are valued at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in members' equity.

The fair value of substantially all securities is determined by quoted market prices. The estimated fair value of securities for which there are no quoted prices is based on similar types of securities that are traded in the market.

At December 31, 2016, the Company held U.S. government securities that were classified as held to maturity and carried at amortized cost. At December 31, 2016, the remaining maturities for current held-to-maturity securities were approximately two months. At December 31, 2016, the estimated fair value of each investment approximated its amortized cost and, therefore, there were no significant unrecognized holding gains or losses. There were no investments held at December 31, 2015.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Equipment and Improvements

Equipment and improvements are stated at cost. The straight-line method of depreciation is used for financial reporting purposes over estimated useful lives generally ranging from three to ten years for computer software, three to five years for equipment, and five to ten years for furniture and fixtures. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, which generally range from two to ten years. Maintenance and repairs are charged to expense as incurred. Betterments and renewals, which extend the useful lives or capacities of the equipment and improvements, are capitalized. Gains or losses resulting from the sale or disposal of equipment and improvements are included in the consolidated statements of income.

Assets Held under Capital Leases

Assets held under capital leases are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset at the inception of the lease. Amortization expense is computed using the straight-line method of the shorter of the estimated useful lives of the assets or the period of the related lease.

Intangible Assets

Intangible assets consist primarily of customer lists and non-competition agreements. The straight line method of amortization is used for financial reporting purposes over estimated useful lives ranging from three to five years.

Goodwill

In accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 350, *Intangibles – Goodwill and Other*, the Company assesses goodwill for impairment on an annual basis. No impairment of goodwill was recognized during the years ended December 31, 2016 and 2015.

Debt Issuance Costs

Debt issuance costs are amortized over the term of the related loans. Unamortized debt issuance costs are included in the accompanying consolidated balance sheets as a direct deduction of the related term debt. See Note 10.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Revenue Recognition

A majority of the Company's fees are based on either fixed price or hourly contracts, or assets under management.

The Company's financial advisory contracts are typically long-term in nature. Revenue for these fixed price and hourly contracts is recognized when realized or realizable, and earned. This occurs when an arrangement exists, services have been rendered, the fees are fixed and determinable, and collectability is reasonably assured.

Revenue for asset management is primarily calculated as a percentage of compensable assets under management. At December 31, 2016 and 2015, the Company managed compensable assets with a fair value of approximately \$77 billion and \$69 billion, respectively. Compensable assets are subject to market fluctuations.

The Company generally bills in arrears for services performed. Unbilled revenue is recorded in work-in-process in the accompanying consolidated balance sheets

Advertising

The Company expenses advertising costs when incurred. Total advertising expenses, recorded in general and administrative expenses in the accompanying consolidated statements of income, for the years ended December 31, 2016 and 2015 were \$1,491,659 and \$1,480,755, respectively.

Income Taxes

PFM I, PFM Investment, PFMAM, FiServ, PFMSA, BondResources, PFM Ventures, PFM Solutions, PFMFA, WFG, and PFMGC (collectively, the Partnerships) file combined federal and state income tax returns. The Partnerships' activities are reported under the partnership provisions of the Internal Revenue Code (IRC) and various state statutes for income tax reporting. Accordingly, the members of PFM I are individually liable for the taxes on their respective shares of the Partnerships' consolidated income or loss.

PFM and Fund Distributors are C corporations. InvestorCo was a C corporation prior to its liquidation. Income taxes are computed in accordance with FASB ASC 740, *Income Taxes*. This standard requires an asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the book and tax bases of assets and liabilities, as well as the estimated future tax consequences attributable to net operating loss and tax credit carryforwards. A valuation allowance is established if, based upon all available information, it is deemed more likely than not that a portion or all of a deferred tax asset will not be realized.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

FASB ASC 740 is the authoritative pronouncement on accounting for and reporting income tax liabilities and expense. FASB ASC 740 prescribes a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. In addition, FASB ASC 740 provides guidance on derecognition, classification and disclosure.

The Company files income tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. The Company's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Based on the Company's assessment of many factors, including past experience and complex judgments about future events, the Company does not currently anticipate significant changes in its uncertain tax positions over the next 12 months.

Under the Operating Agreement, PFM I is generally required, with certain exceptions, to make periodic distributions to the members for federal and state income taxes on pass-through income. Exceptions include restrictions in financing agreements and availability of funds. The Company has accrued tax distributions of \$1,005,726 and \$400,000 as of December 31, 2016 and 2015, respectively.

Adoption of Accounting Standards Updates

During 2015, the FASB issued Accounting Standards Update (ASU) 2015-03, *Interest – Imputation of Interest (Subtopic 835-30)* which requires debt issuance costs to be presented as a direct reduction from the carrying amount of the related debt liability. The debt issuance costs shall be amortized over the life of the loan as interest expense. The ASU is effective for annual reporting periods beginning after December 15, 2015, and interim periods beginning after December 15, 2016. During 2016, the Company adopted the provisions of ASU 2015-03 which were retrospectively applied. As a result, the Company reclassified debt issuance costs, which resulted in a reduction of prepaid expenses and other current assets of \$125,298, other assets of \$475,546, current portion of long-term debt, net of \$125,298, and long-term debt, net of \$475,546 in the accompanying consolidated balance sheet as of December 31, 2015.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Adoption of Accounting Standards Updates, Continued

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*. This ASU impacts measurement, recognition and disclosure of share-based payment awards to employees. The ASU simplifies current guidance surrounding several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, classification on the statement of cash flows, and accounting for forfeitures. Further, the ASU allows non-public entities to, under certain conditions, make an accounting policy election to apply a practical expedient to estimating the expected term for all awards with performance or service conditions. The ASU is effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Early application is permitted. During 2016, the Company has adopted the provisions of ASU 2016-09. As a result, the Company elected to change its accounting policy to account for forfeitures as they occur. The change was applied on a modified retrospective basis which resulted in no cumulative adjustment to retained earnings as of January 1, 2015.

Concentrations of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable, and work-in-process. The Company principally utilizes national banks to maintain its operating cash accounts. At certain times, such balances may be in excess of the FDIC insurance limits. The Company's principal customers are state and local governments, nonprofit institutions and retirement plans. Services to these customers are normally provided under contractual arrangements. The Company assesses the financial strength of its customers on an ongoing basis. The Company records accounts receivable and work-in-process reserves at levels considered by management to be adequate to absorb estimates of probable future losses (uncollectable amounts) existing at the reporting date. These reserves are based on estimates, and ultimate losses may differ from those estimates.

In the normal course of its operations, the Company enters into contracts and agreements that contain indemnifications and warranties. The Company's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects the risk of loss to be remote.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain items in the accompanying 2015 consolidated financial statements have been reclassified to conform to the current year presentation.

Recent Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This ASU impacts measurement, recognition and disclosure of revenue from contracts. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. A nonpublic entity may elect to apply this guidance earlier, under certain conditions. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842) which requires lessees to recognize the following for all leases other than short-term leases at the commencement of a lease: a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The ASU is effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted. The Company is currently evaluating the impact that the adoption of this ASU will have on its consolidated financial statements.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(2) Summary of Significant Accounting Policies, Continued

Recent Accounting Standards, Continued

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805) – Clarifying the Definition of a Business*. The ASU provides a framework to assist entities in evaluating whether both an input and a substantive process are present. Although outputs are not required for a set to be a business, outputs generally are a key element of a business; therefore, the framework includes stringent criteria for sets without outputs. The ASU is effective for annual reporting periods beginning after December 15, 2018. Early application is permitted, under certain circumstances, and the ASU is applied prospectively.

(3) Acquisitions

A.C. Advisory, Inc.

In September 2016, PFMFA completed the acquisition of certain assets of A.C. Advisory, Inc. (ACA). PFMFA acquired ACA for the purposes of expanding its presence and creating more opportunities to provide financial advisory services in New York, Connecticut, and the Midwestern region of the United States.

Fair Value of Consideration Transferred:	
Cash	\$ 150,000
Contingent consideration	495,154
	<u>\$ 645,154</u>
Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed:	
Customer list	\$ 550,000
Goodwill	95,154
	<u>\$ 645,154</u>

The acquisition of ACA includes a contingent consideration arrangement that requires additional consideration to be paid by PFMFA based on the revenues attributable to ACA through December 31, 2019. Amounts are payable on a yearly basis, beginning in 2017, if each year's target revenues are met. The fair value of the contingent consideration is remeasured as of each reporting date using level 3 inputs, as described in Note 4.

The goodwill is primarily attributable to the workforce of the acquired business and additional market presence in Illinois and the surrounding states.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(3) Acquisitions, Continued

Stauder Barch & Associates, Inc.

In July 2015, PFM completed the acquisition of certain assets of Stauder Barch & Associates, Inc. (SBA). PFM acquired SBA for the purposes of expanding its presence and creating more opportunities to provide financial advisory services to government and non-profit entities in Michigan and the surrounding states.

Fair Value of Consideration Transferred:	
Cash	\$ 4,700,000
Contingent consideration	1,888,216
	<u>\$ 6,588,216</u>

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed:	
Customer list	\$ 3,480,000
Non-competition agreement	272,890
Furniture and fixtures	162,114
Goodwill	2,673,212
	<u>\$ 6,588,216</u>

The acquisition of SBA includes a contingent consideration arrangement that requires additional consideration to be paid by PFM based on the revenues attributable to SBA through July 31, 2017. Amounts are payable on a yearly basis, beginning in 2016, if each year's target revenues are met. The fair value of the contingent consideration is remeasured as of each reporting date using level 3 inputs, as described in Note 4.

The goodwill is primarily attributable to the workforce of the acquired business and additional market presence in Michigan and the surrounding states and is deductible for income tax purposes.

There were \$107,792 in acquisition-related costs which were included in general and administrative expenses in the accompanying consolidated statement of income for the year ended December 31, 2015.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(3) Acquisitions, Continued

Whitebirch Software, Inc.

In December 2015, PFM Ventures completed an acquisition of certain assets of Whitebirch through the creation of PFM Solutions. The acquisition was carried out for the purposes of enhancing the Company's financial and strategic modeling software and expanding the Company's client base.

Fair Value of Consideration Transferred:	
Deferred consideration	<u>\$ 5,587,241</u>
Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed:	
Computer software	\$ 200,000
Goodwill	5,692,540
Deferred revenue	<u>(305,299)</u>
	<u>\$ 5,587,241</u>

The acquisition includes deferred consideration. Due to this deferred consideration, the Company has recorded a liability for the estimated fair value of the consideration to be paid. The amounts to be paid are based on the net income or loss attributable to PFM Solutions, plus interest, taxes, depreciation, and amortization, multiplied by eight, (the PFM Solutions Fair Market Value) for each of the years ended December 31, 2018 through December 31, 2023. Payments will be made each year from 2019 through 2024, or earlier under certain conditions, at the prior year's PFM Solutions Fair Market Value. The fair value of the deferred consideration is remeasured as of each reporting date using level 3 inputs, as described in Note 4.

The goodwill is primarily attributable to the Company's expectation of extending the software's market, while enhancing the Company's existing products and services and is deductible for income tax purposes when recognized upon payment of the deferred consideration.

There were \$53,303 in acquisition-related costs which were included in general and administrative expenses in the accompanying consolidated statement of income for the year ended December 31, 2015.

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(4) Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value and establishes a framework for measuring and disclosing fair value in accordance with accounting principles generally accepted in the United States of America.

Various inputs may be used to determine the value of the Company's financial assets and liabilities. These inputs are summarized in three broad levels listed below. The input levels or methodologies used for valuing financial assets and liabilities are not necessarily an indication of the risk associated with those financial assets and liabilities.

Level 1: Quoted prices in active markets for identical financial assets and liabilities.

Level 2: Observable inputs other than level 1 quoted prices.

Level 3: Unobservable inputs.

Observable inputs are inputs that other market participants may use in pricing a financial asset or liability. These may include quoted prices for similar assets and liabilities, interest rates, prepayment speeds, credit risk, and others. The determination of what constitutes observable inputs requires judgment by management of the Company.

In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an asset or liability at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's own assumptions about the factors market participants would use in pricing an asset or liability, and would be based upon available information.

For the years ended December 31, 2016 and 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Contingent Consideration

In accordance with FASB ASC 805, *Business Combinations*, the Company remeasures the fair value of contingent consideration as of each reporting date. The fair value of contingent consideration is based on significant inputs not observable in the market which FASB ASC 820 refers to as level 3 inputs, and has been included in accrued expenses in the accompanying consolidated balance sheets.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(4) Fair Value Measurements, Continued

Contingent Consideration, Continued

Key assumptions as of December 31, 2016 and 2015 include the following:

		2016					
	Range of Years to Earn Contingent Consideration	Range of Undiscounted Contingent Consideration (thousands)	Estimated Range of Contingent Consideration Outcomes	Cumulative Contingent Consideration Earned	Cumulative Contingent Consideration Paid	Fair Value of Outstanding Contingent Consideration	Discount Rate
ACA	2017 - 2019	\$0 - \$550	100%	\$ -	\$ -	\$ 495,154	6.00%
SBA	2016 - 2017	\$1,545 - \$2,060	100%	\$ 1,020,000	\$ 1,040,000	\$ 978,403	6.00%
SDM Advisors, Inc.	2014 - 2016	\$0 - \$430	100%	\$ 401,225	\$ 401,225	\$ -	2.14%
		2015					
	Range of Years to Earn Contingent Consideration	Range of Undiscounted Contingent Consideration (thousands)	Estimated Range of Contingent Consideration Outcomes	Cumulative Contingent Consideration Earned	Cumulative Contingent Consideration Paid	Fair Value of Outstanding Contingent Consideration	Discount Rate
SBA	2016 - 2017	\$1,545 - \$2,060	100%	\$ -	\$ -	\$ 1,909,120	6.00%
SDM Advisors, Inc.	2014 - 2016	\$0 - \$430	100%	\$ 241,225	\$ 241,225	\$ 133,282	2.14%

Deferred Consideration

The fair value of the deferred consideration recognized in connection with the acquisition of Whitebirch was estimated by applying a discounted cash flow model. That measurement method is based on significant inputs not observable in the market, which FASB ASC 820 refers to as level 3 inputs. The undiscounted payment amount is based off the PFM Solutions Fair Market Value as described in Note 3. Key assumptions include an estimated base scenario of undiscounted cash flows of \$9,300,000 with a 60% probability and an alternate scenario of undiscounted cash flows of \$6,500,000 with a 40% probability. A discount rate of 6% was utilized for both scenarios. Deferred consideration of \$5,949,008 and \$5,611,376, respectively, is included in accrued expenses, net of current portion in the accompanying consolidated balance sheets at December 31, 2016 and 2015.

Interest Rate Swap Agreements

The interest rate swap agreements, as described in Note 10, are pay-fixed, receive-variable interest rate swaps based on a LIBOR swap rate with a floor of 3%. The LIBOR swap rate is observable at commonly quoted intervals for the full time of the interest rate swap which has been included in other assets in the accompanying consolidated balance sheets.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(4) Fair Value Measurements, Continued

The tables below present the assets and (liabilities) measured at fair value on a recurring basis:

	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Interest rate swap agreements	\$ 2,141	\$ -	\$ 2,141	\$ -
Contingent consideration	\$ (1,473,557)	\$ -	\$ -	\$ (1,473,557)
Deferred consideration	\$ (5,949,008)	\$ -	\$ -	\$ (5,949,008)

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Interest rate swap agreements	\$ 16,492	\$ -	\$ 16,492	\$ -
Contingent consideration	\$ (2,042,402)	\$ -	\$ -	\$ (2,042,402)
Deferred consideration	\$ (5,611,376)	\$ -	\$ -	\$ (5,611,376)

The changes in the balances of the liabilities measured at fair value based on level 3 inputs are summarized as follows:

	Contingent Consideration	Deferred Consideration
Balance at December 31, 2014	\$ 226,532	\$ -
Fair value recognized at acquisition date	1,888,216	5,587,241
Contingent consideration paid	(107,952)	-
Change in fair value	35,606	24,135
Balance at December 31, 2015	2,042,402	5,611,376
Fair value recognized at acquisition date	495,154	-
Contingent consideration paid	(1,200,000)	-
Change in fair value	136,001	337,632
Balance at December 31, 2016	\$ 1,473,557	\$ 5,949,008

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(5) Accounts Receivable and Work-In-Process

The components of accounts receivable are as follows at December 31:

	2016	2015
Accounts receivable	\$ 23,176,811	\$ 18,415,114
Accounts receivable reserve	(1,108,039)	(1,139,806)
Accounts receivable, net	\$ 22,068,772	\$ 17,275,308

The components of work-in-process are as follows at December 31:

	2016	2015
Work-in-process	\$ 10,640,659	\$ 12,676,813
Work-in-process reserve	(537,085)	(352,085)
Work-in-process, net	\$ 10,103,574	\$ 12,324,728

(6) Equipment and Improvements

Equipment and improvements consist of the following at December 31:

	2016	2015
Leasehold improvements	\$ 7,758,484	\$ 4,005,356
Furniture and fixtures	6,894,381	8,421,218
Equipment	4,543,979	5,726,341
Computer software	5,552,960	15,762,128
	24,749,804	33,915,043
Accumulated depreciation and amortization	(13,257,427)	(27,513,689)
	\$ 11,492,377	\$ 6,401,354

Depreciation and amortization expense was \$2,731,990 and \$2,102,043 for the years ended December 31, 2016 and 2015, respectively.

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(7) Intangible Assets

Intangible assets consist of the following at December 31:

	2016	2015
Customer lists	\$ 4,965,740	\$ 4,415,740
Non-competition agreements	296,281	296,281
	5,262,021	4,712,021
Accumulated amortization	(2,076,915)	(1,256,625)
	\$ 3,185,106	\$ 3,455,396

Amortization expense for the years ended December 31, 2016 and 2015 was \$820,290 and \$396,321, respectively. Estimated amortization expense for the years ending December 31, 2017, 2018, 2019, and 2020 is \$910,590, \$901,723, \$841,080, and \$531,713, respectively.

(8) Notes Receivable

PFM had a promissory note receivable from an employee. The note bore interest at 3.5% per year and was payable in monthly installments of \$1,912. The note was repaid in full during the year ended December 31, 2016. The note was collateralized by certain property of the employee.

PFM I had a \$1,000,000 receivable in connection with the issuance of certain member units. During the years ended December 31, 2016 and 2015, PFM I recognized \$200,000 and \$800,000, respectively, of equity based compensation expense, recorded in salaries, incentive compensation and employee benefits in the accompanying consolidated statements of income, in connection with a reduction in the receivable balance for the same amount. As of December 31, 2016, there was no remaining balance on the receivable. At December 31, 2015, the remaining balance of the receivable was \$200,000 and is included in contributions receivable in the accompanying consolidated balance sheets.

(9) Lines of Credit

As of December 31, 2016, PFM Investment, PFM, PFMAM, and FiServ (collectively, the Borrowers) have available a joint line of credit that expires on June 28, 2019. The maximum available borrowings are \$40,000,000, subject to certain conditions in the credit agreement. The Borrowers are jointly and severally liable to the lenders for the full payment and performance under the line of credit. The line of credit contains mandatory prepayment provisions as described in Note 10.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(9) Lines of Credit, Continued

Unpaid cash advances bear interest at the base rate plus an applicable margin, or the LIBOR rate plus an applicable margin. The applicable margin for the base rate ranges from 0.00% to 1.00% based on the Company's consolidated senior leverage ratio. The applicable margin for the LIBOR rate ranges from 2.00% to 3.25% based on the Company's consolidated senior leverage ratio. The applicable interest rate at December 31, 2016 is 3.75%. The line of credit is collateralized by certain assets of the Borrowers and is guaranteed by PFM I, PFMSA, BondResources, and PFM Ventures. At December 31, 2016 there is \$2,000,000 outstanding on the line of credit.

The Company's credit agreement also provides for up to \$2,000,000 in letters of credit. The outstanding letters of credit reduce the maximum available borrowings on the line of credit. The Company has outstanding letters of credit totaling \$484,890 as of December 31, 2016. See Note 14.

PFM also has available a \$4,000,000 equipment finance lease facility to lease equipment that expires on July 31, 2017. Under the terms of this agreement, equipment can be leased for up to 60 months. Lease obligations bear interest at the LIBOR rate plus 2% (ranging from 2.92% to 3.36% at December 31, 2016) and are guaranteed by PFM Investment, PFMAM, and FiServ.

(10) Long-Term Debt

Long-term debt consists of the following at December 31:

	2016	
	Unamortized debt issuance costs	Net
Principal		
\$45,000,000 term loan agreement (the \$45,000,000 Term Loan) with the Borrowers, jointly and severally liable, and eight lenders, payable in quarterly principal installments ranging from \$843,750 to \$1,687,500 through March 2019, with interest payments made periodically in accordance with the agreement, and with the remaining unpaid principal and interest due June 2019. The term loan bears interest at the base rate plus an applicable margin, or the LIBOR rate plus an applicable margin. The applicable margin for the base rate ranges from 0.00% to 1.00% based on the Company's consolidated senior leverage ratio. The applicable margin for the LIBOR rate ranges from 2.00% to 3.25% based on the Company's consolidated senior leverage ratio. The applicable rate at December 31, 2016 is 2.81%. The term loan is collateralized by certain assets of the Borrowers and is guaranteed by PFM I, PFMSA, BondResources, and PFM Ventures.	\$ 36,000,000	\$ (177,996) \$ 35,822,004

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(10) Long-Term Debt, Continued

	2016		
	Principal	Unamortized debt issuance costs	Net
\$40,000,000 private placement notes (the \$40,000,000 Private Placement Notes) with PFM Investment and nine noteholders, with interest only payments made quarterly in arrears and with the remaining unpaid principal and interest due June 2022. The notes are subordinated to the term loan and line of credit. The subordination agreement prohibits principal payments on the notes prior to repayment in full of the term loan and line of credit. The notes bear interest at a rate of 8% through June 2019 and at the LIBOR rate plus 5.76% from July 2019 through June 2022. Principal prepayments are permitted, subject to the subordination agreement. Any prepayments made prior to June 2019 must include a make-whole penalty, which generally represents interest expense related to the prepayments. The notes are guaranteed by PFM I, PFM, PFMAM, FiServ, PFMSA, BondResources, and PFM Ventures.	40,000,000	(297,550)	39,702,450
	76,000,000	(475,546)	75,524,454
Less: Current portion	(4,500,000)	125,298	(4,374,702)
	<u>\$ 71,500,000</u>	<u>\$ (350,248)</u>	<u>71,149,752</u>
	2015		
	Principal	Unamortized debt issuance costs	Net
The \$45,000,000 Term Loan described above	\$ 39,937,500	\$ (249,194)	\$ 39,688,306
The \$40,000,000 Private Placement Notes described above	40,000,000	(351,650)	39,648,350
	79,937,500	(600,844)	79,336,656
Less: Current portion	(3,937,500)	125,298	(3,812,202)
	<u>\$ 76,000,000</u>	<u>\$ (475,546)</u>	<u>\$ 75,524,454</u>

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(10) Long-Term Debt, Continued

The aggregate future annual principal payments of long-term debt consist of the following:

Years Ending December 31,	Amount
2017	\$ 4,500,000
2018	5,625,000
2019	25,875,000
2020	-
2021	-
Thereafter	40,000,000
	<u>\$ 76,000,000</u>

The Borrowers may also request an aggregate increase of up to \$20,000,000 in the amounts available under the term loan and line of credit. The Borrowers' ability to request these additional borrowings is subject to certain conditions and expires in June 2017. Upon the occurrence of certain issuances of members' units, receipt of certain insurance proceeds, certain asset dispositions, or if the Company's consolidated senior leverage ratio is 3.00 to 1.00 or greater, the Borrowers are required to make mandatory prepayments to be applied to the term loan, then the line of credit, and lastly, the notes. The Company must maintain certain financial and operational covenants in connection with the term loan, line of credit, and the notes.

Interest Rate Swap Agreements

The Borrowers entered into two interest rate swap agreements (the Swaps) with total notional amounts of \$34,343,750 and \$10,000,000, respectively. Under the terms of the Swaps, the Borrowers prepaid fixed interest payments of \$521,600 and \$219,500, respectively, and receive interest at a floating rate of the excess of LIBOR over 3%. The prepaid fixed interest payments aggregating \$231,995 and \$386,660 at December 31, 2016 and 2015, respectively, are included in other assets on the accompanying consolidated balance sheets and are being amortized over the term of the Swaps. The Swaps commenced October 2013 and expire July 2018. The Borrowers did not elect to designate the Swaps as hedging instruments. Therefore, in accordance with FASB ASC 815, *Derivatives and Hedging*, the gain or loss resulting from the change in fair value of the Swaps is recognized in earnings. The fair value of the Swaps at December 31, 2016, of \$1,406 and \$735, respectively, and at December 31, 2015, of \$11,001 and \$5,491, respectively, is recorded in other assets on the accompanying consolidated balance sheets. The loss on change in fair value of \$14,351 and \$150,477 for the years ended December 31, 2016 and 2015, respectively, was recognized in other expense in the accompanying consolidated statements of income.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(11) Capital Lease Obligations

The Company leases equipment and furniture and fixtures under long-term agreements, which are classified as capital leases under the terms of the equipment finance lease facility described in Note 9. The leases are non-cancellable and expire through 2020. The lease obligations are collateralized by the underlying assets. Assets recorded under capital leases, included in equipment and improvements in the accompanying consolidated balance sheets, are as follows at December 31, 2016:

Equipment	\$ 494,677
Furniture and fixtures	1,203,764
	<u>1,698,441</u>
Accumulated amortization	(74,258)
	<u>\$ 1,624,183</u>

There were no assets recorded under capital leases at December 31, 2015.

Amortization expense related to assets under capital lease obligations was \$74,258 for the year ended December 31, 2016. There was no amortization of assets under capital lease obligations for the year ended December 31, 2015.

Aggregate future minimum lease payments on these capital leases as of December 31, 2016, are as follows:

Years Ending, December 31,	Amount
2017	\$ 456,917
2018	456,917
2019	456,917
2020	292,268
Total future minimum lease payments	<u>1,663,019</u>
Amount representing interest	<u>(89,659)</u>
Present value of net minimum lease payments	1,573,360
Less current portion	<u>(415,398)</u>
Long-term portion	<u>\$ 1,157,962</u>

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(12) Retirement Plans

PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC sponsor a qualified 401(k) and profit sharing plan. PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC match 50% of employee contributions to the 401(k) plan, up to the first 6% of an employee's salary. Profit sharing contributions are made at the discretion of the board of directors of PFM I. There is a one-year service requirement for employees to receive employer contributions, and employees are fully vested in the matching contributions immediately upon their entry date and after five or six years of service for the profit sharing contributions. Employer contributions for the years ended December 31, 2016 and 2015 totaled \$3,461,019 and \$3,175,994, respectively, for the profit sharing contribution and \$1,559,654 and \$1,600,884, respectively, for the matching 401(k) contribution.

(13) Income Taxes

The provision for income taxes consisted of the following for the years ended December 31:

	2016	2015
Current:		
Federal	\$ 5,455,000	\$ 1,488,301
State	1,799,000	322,098
	<u>7,254,000</u>	<u>1,810,399</u>
Deferred:		
Federal	(401,000)	3,521,000
State	(170,000)	1,141,000
	<u>(571,000)</u>	<u>4,662,000</u>
Liquidation of InvestorCo	-	9,200,000
	<u>\$ 6,683,000</u>	<u>\$ 15,672,399</u>

The Company's effective tax rate differs from what would be expected if the federal statutory rate was applied to income before income taxes primarily because of pass-through income and because of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes such as meals and entertainment and change in fair value of contingent consideration. During 2015, the Company's effective tax rate also differs due to the liquidation of InvestorCo.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(13) Income Taxes, Continued

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2016 and 2015 are summarized below. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the time the items below are deducted on the tax returns or in any carryforward period are reduced.

	2016	2015
Deferred tax assets:		
Accounts receivable reserve	\$ 246,000	\$ 223,000
Work-in-process reserve	126,000	126,000
Accrued compensation	392,000	323,000
Deferred rent	523,000	288,000
Intangible assets	530,000	338,000
Incentive compensation payable	7,436,000	6,568,000
Acquisition transaction expenses	43,000	-
	<u>9,296,000</u>	<u>7,866,000</u>
Deferred tax liabilities:		
Equipment and improvements	702,000	119,000
Prepaid insurance	493,000	418,000
Goodwill	1,486,000	1,285,000
	<u>2,681,000</u>	<u>1,822,000</u>
	<u>\$ 6,615,000</u>	<u>\$ 6,044,000</u>

(14) Commitments and Contingencies

Operating Leases

PFM and PFMAM lease office space and office equipment under operating leases that expire at various dates through 2031. Annual minimum lease payments excluding common area maintenance charges required under these leases as of December 31, 2016 are:

Years Ending December 31,	Amount
2017	\$ 6,464,850
2018	\$ 5,279,873
2019	\$ 3,926,526
2020	\$ 3,458,192
2021	\$ 2,846,914
Thereafter	\$ 19,158,783

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(14) Commitments and Contingencies, Continued

Operating Leases, Continued

Several of the leases call for graduated payments over the term of the leases. The lease expense, recognized on a straight-line basis over the lease term and included in general and administrative expenses, was \$7,844,223 and \$7,508,276 for the years ended December 31, 2016 and 2015, respectively. The difference between actual payments and the straight-line basis expense is included in deferred rent on the accompanying consolidated balance sheets.

In connection with certain of its leases, the Borrowers maintain letters of credit in favor of the lessors. The letters of credit automatically renew on an annual basis. See Note 9.

Employment Agreements

PFM, PFMAM, PFMSA, PFM Solutions, PFMFA and PFMGC have entered into employment agreements with certain key employees. The contracts are automatically renewed on a year-to-year basis thereafter and are cancelable by either party with 90 days' prior notice. However, contracted employees are entitled to not less than six months' severance pay if their employment is terminated. In connection with such agreements, contracted employees have agreed not to compete in any respect with the business of PFM, PFMAM, PFMSA, PFM Solutions, PFMFA and PFMGC for the longer of either 12 months after the termination date, or the remaining term of the employment agreement. In connection with these agreements, PFM, PFMAM, and PFMFA have guaranteed aggregate bonuses of \$920,000 payable during the years ending December 31, 2018 through 2019.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(14) Commitments and Contingencies, Continued

Equity Appreciation Units

During 2015, PFM I entered into contracts with three non-employee board members (each an Independent Manager). The contracts provide that each Independent Manager is due a fixed fee of \$17,000, plus the positive difference between the equity unit value of PFM I, at the earlier of a liquidity event, or the termination of the Independent Manager's service, and the equity unit value of PFM I at the contract date, for each equity appreciation unit. There were no equity appreciation units granted during 2016. During 2015, 353,000 equity appreciation units were granted with a contract date equity unit value of \$1.56. The contract date fair value of this liability was \$51,000. The equity unit value of PFM I, as determined by PFM I's board of directors, as of December 31, 2016 and 2015 was \$1.89 and \$1.72, respectively. At December 31, 2016 and 2015, the company recognized a deferred compensation liability of \$167,490 and \$107,480, respectively, which is included in accrued expenses in the accompanying consolidated balance sheets. During the year ended December, 31, 2016 and 2015, PFM I recognized compensation expense of \$60,010 and \$107,800, respectively, in relation to these contracts, which is included in salaries, incentive compensation, and employee benefits in the accompanying consolidated statements of income. There were no new equity appreciation units granted during 2016.

Health Self-Insurance

PFM maintains a self-insurance program for medical coverage. PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC employees are also eligible to participate in the plan. PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC are liable for claims up to \$90,000 per covered person annually, and aggregate claims up to \$5,836,273 annually. Self-insurance costs are accrued based upon the aggregate of the liability for reported claims and an estimated liability for claims incurred but not reported. PFM maintains additional coverage for amounts in excess of self-insurance limits.

Insurance Deductible

PFM has a \$1,000,000 deductible on its errors and omissions insurance and PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC are named insured parties. Deductible amounts are accrued when, in the opinion of management, an incident has occurred which will require PFM, PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC to pay under the deductible. At December 31, 2016 and 2015, there are no insurance deductibles accrued.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(14) Commitments and Contingencies, Continued

Related Party Transactions

As described in Note 1, PFM I, PFM Investment, PFM, PFMAM, FiServ, PFMSA, BondResources, PFM Ventures, PFM Solutions, PFMFA, WFG, PFMGC, and InvestorCo are affiliated through either common or direct ownership. PFM Investment, PFM, PFMAM, and FiServ are co-borrowers on a line of credit and certain long-term debt agreements (see Notes 9 and 10). Certain expenses have been allocated between various entities of the Company, and PFM charges PFMAM, PFMSA, PFM Solutions, PFMFA, and PFMGC a management fee. The operating results of the individual entities of the Company may have been different had they been autonomous.

Litigation

From time to time, the Company is involved in legal proceedings in the ordinary course of its businesses. Management believes that the resolution of these legal proceedings will not have a material adverse effect on the financial condition or results of operations of the Company.

(15) Member Units

As described in the Operating Agreement, PFM I has authorized member units, with voting rights. The member units are generally non-transferrable. The Operating Agreement includes preemptive rights. These preemptive rights provide the members of PFM I the opportunity to participate in certain offerings of the member units by PFM I. The Operating Agreement also includes drag-along rights. These drag-along rights require that all members of PFM I participate in any approved sale. With certain exceptions, PFM I is generally required to repurchase the member units of certain employee members who have attained a specified age. Beginning January 1, 2017, with certain exceptions, PFM I also is generally required to repurchase the member units of certain eligible retirees and the member units of certain terminated employees. The repurchase occurs over a four year period with 20% repurchased in the first year, 20% in the second year, 20% in the third year, and 40% in the fourth year. The repurchase is based on the most recently determined equity unit value at the date of each repurchase. The repurchases in the first, second, and third years are done via cash payments. The repurchases in the fourth year are done via a promissory note, not to exceed four years, and bearing interest at (i) the greater of the applicable federal rate or 8% or (ii) such other rate as the board shall determine.

Continued...

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(15) Member Units, Continued

Unit Grant Agreements

The Company has the ability to enter into unit grant agreements (the Grant Agreement) at its discretion, which provide nonvested member units (the Grant Units) to certain employees. Under the Grant Agreements, employees are issued the Grant Units which vest ratably over a period of continuous service or based on realization of certain performance requirements. Compensation cost is recognized on a straight-line basis over the requisite service or vesting period and forfeitures are recognized as they occur. The Grant Agreement provides for accelerated vesting in the event of a change in control, or termination of the grantee without cause. The Grant Units are nontransferable and to the extent the Grant Units are not forfeited and the grantee has filed the appropriate elections under the IRC, the grantee is entitled to have all the rights and obligations of a member including the right to share in distributions and allocations of profits and losses without regard to whether the Grant Units have become vested.

A summary of the status of the Company's Grant Units as of December 31, 2016 and 2015, and changes for the years then ended are presented below:

Nonvested Shares	Grant Units	Weighted Average Grant-Date Intrinsic Value
Nonvested at December 31, 2014	-	\$ -
Granted	312,695	\$ 1.5990
Vested	-	\$ -
Forfeited	-	\$ -
Nonvested at December 31, 2015	312,695	\$ 1.5990
Granted	159,000	\$ 1.7200
Vested	(62,539)	\$ 1.5990
Forfeited	-	\$ -
Nonvested at December 31, 2016	409,156	\$ 1.6460

As of December 31, 2016, there was \$583,336 of total unrecognized compensation cost related to nonvested grant units under the Grant Agreement. The cost is expected to be recognized over a period of 4 years. During 2016 and 2015, the Company recognized compensation expense of \$119,144 and \$71,000, respectively.

PFM I, LLC AND SUBSIDIARIES

Notes to Consolidated Financial Statements December 31, 2016 and 2015

(16) Subsequent Events

The Company has performed an evaluation of subsequent events through March 30, 2017, which is the date the consolidated financial statements were available to be issued.



B. Additional Information



Provided below are [terms](#) that PFM respectfully reserve the right to discuss with the City if selected to serve as the financial advisor.

PFM's standard FA provisions

PFM Financial Advisors LLC is awarded the engagement, we respectfully request the inclusion of certain provisions in the resulting contract that are regulatory requirements driven by our status as a municipal advisor registered with the Securities and Exchange Commission ("SEC") and with the Municipal Securities Rulemaking Board ("MSRB") (e.g., municipal advisor description; the scope of MA services, form and basis of compensation, termination or withdrawal of the client relationship, conflicts of interest disclosure, and our disclosure of any legal and disciplinary events).

RFQ pg. 13 IV. INSURANCE REQUIREMENTS

A. General Liability Insurance: coverage in an amount not less than \$1,000,000 per occurrence.

Coverage shall include Premises and Operations; [Independent Contractors'](#) Products and Completed Operations and Contractual Liability. This policy shall provide coverage for death, personal injury or property damage that could arise directly or indirectly from the [negligent or intentionally](#) wrongful performance of this agreement. The minimum limits of coverage shall be \$1,000,000 per occurrence.

B. Professional Liability Insurance: coverage in an amount not less than \$1,000,000 per [occurrence](#).

C. Contractual, insurance broad form property, [Independent contractor](#), personal injury not less than \$1,000,000 annual aggregate.

Explanation: PFM's policies do not allow for coverage of independent contractors. Independent Contractors (if utilized) must provide for separate proof of coverage.

PFM's professional liability policy is written on a claims-made basis, rather than per occurrence.

PFM Financial Advisors LLC respectfully requests the opportunity to negotiate the indemnification language in any resulting agreement so that PFM Financial Advisors LLC's obligation to indemnify is limited to circumstances in which its performance has been wrongful, which would include negligent or intentionally wrongful acts.

Industry standards prohibit the inclusion of additional insureds on professional liability insurance.

Evidence of Insurance Certificates have been included in Tab 6



RFQ pg. 22 VIII. TERMS AND CONDITIONS

Indemnity

Proposer agrees to indemnify, defend, save and hold harmless the City, its officers, agents and employees, from any claim, demand, suit, loss, cost or expense for any damages that may be asserted, claimed or recovered against or from City, its officials, agents, or employees by reason of any damage to property or personal injury, including death and which damage, injury or death arises out of or is incidental to or in any way connected with Proposer's **negligent or intentionally wrongful** performance of the services or caused by or arising out of (a) any **negligent or intentionally wrongful** act, omission, ~~or default~~ ~~or negligence~~ of Proposer in the provision of the services under the contract; (b) property damage or personal injury, which damage, injury or death arises out of or is incidental to or in any way connected with Proposer's **negligent or intentionally wrongful** execution of services under the contract; or (c) the violation of federal, state, county or municipal laws, ordinances or regulations by Proposer. This indemnification includes, but is not limited to, the **negligent or intentionally wrongful** performance of the contract by Proposer or any negligent or intentionally wrongful act or omission of Proposer, its agents, servants, ~~contractors~~, patrons, guests or invitees and includes any costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claims or the investigation thereof. Proposer agrees to pay all claims and losses and shall defend all suits, in the name of the City, its employees, and officers, including but not limited to appellate proceedings, and shall pay all costs, judgments and attorneys' fees which may issue thereon. City reserves the right to select its own legal counsel to conduct any defense in any such proceeding and all costs and fees associated therewith shall be the responsibility of Proposer under this indemnification provision. To the extent considered necessary by the City, any sums due Proposer under the contract may be retained by City until all of City's claims for indemnification have been resolved, and any amount withheld shall not be subject to the payment of interest by City. This indemnification is separate and apart from, and in no way limited by, any insurance provided pursuant to the contract or otherwise. The parties mutually acknowledge that the provisions of §725.08, Fla. Stat., have been fulfilled and govern this provision. This paragraph shall not be construed to require Proposer to indemnify the City for its own negligence, or intentional acts of the City, its agents or employees. This clause shall survive the expiration or termination of this Agreement.

Explanation: PFM Financial Advisors LLC respectfully requests the opportunity to negotiate this language in any resulting agreement as any subcontractor, to the extent permitted and utilized to deliver any services, will be acting solely as an independent contractor and not an agent or employee of PFM Financial Advisors LLC.



RFQ pg. 27 VIII. TERMS AND CONDITIONS

Termination

The contract may be terminated by the ~~City~~ either party at any time, with or without cause with thirty (30) days written notice to the other party.

Explanation: PFM Financial Advisors LLC respectfully requests the opportunity to negotiate the termination language to allow for mutual termination rights