



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

Cost Proposal For Financial Advisory Services
RFP #944-18-2

Table of Contents

Cost/ Fee Proposal..... 2

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.



Cost/ Fee Proposal

G. In a separate sealed envelope, provide a priced methodology complete with a time allotment for each task in the approach you propose to employ to carry out the work. In addition, please provide pricing for the following scenarios: \$15,000,000 General Obligation

\$25,000,000 General Obligation

\$25,000,000 Revenue Bond

\$75,000,000 Revenue Bond

\$25,000,000 Revenue Bond-CRA

\$5,000,000 Notes Payable-CRA

This shall be the basis for payments to the successful proposer. Supplement this with a schedule of fees for staff to be assigned to the project. These rates shall be the basis for adjustments to the value of the project in the event scope of work varies substantially from that proposed.

Consistent with our firm's financial advisement philosophy, PFM's approach to each transactional assignment includes a full 360 degree view of the City's objectives and financial situation. As described in our response under Tab #4, item B, development of the plan of finance and transaction management are often discrete, but coordinated, steps in the process. We spend a significant amount of time during the development phase to ensure that the ultimate transaction is well aligned with the City's objectives. Developing the Plan of Finance, and maintaining the necessary databases, reviewing legal structures, debt capacity, and financing alternatives can account for 20-30 hours at the outset. Cultivating that information into a viable and efficient plan of finance may account for another 3-5 hours. From that stage, if/when we move to active transaction management we look to the next 11 steps outlined in our proposal. Transaction management, depending on the complexity of the project can take anywhere from eight weeks to several months. During that time we're in constant dialogue with the various stakeholders (City, market participants such as rating agencies, bankers, investors, etc.) which typically require 8-10 hours per week throughout that time. Due to the variation in complexity among projects, and the total time that any particular transaction may take, these ranges are intended to capture that potential variability.

PFM's financial advisory team has proposed a fee structure below that we believe is very favorable to the City. We are prepared to negotiate the final details of the fee structure in a manner that is mutually agreeable if we are selected.



Bond Fees

For services related to any borrowing type, we propose a “\$/\$1,000” fee schedule. PFM proposes the following compensation schedule with a minimum fee of \$20,000 per transaction. Negotiated, competitive, tax-exempt, taxable, private placement, direct loan, new-money and refunding transactions are billed at the same rate. Separate series of bonds (ex: A and B Series), will be treated separately to account for the incremental complexity of the transaction.

	Par Size	Fee per \$1,000
Per Bond	\$50,000,000	0.90
	50,000,001	0.75
Max	\$75,000	
Min	\$20,000	
Par Size	Type	Pricing
\$15,000,000	General Obligation	\$20,000
\$25,000,000	General Obligation	\$22,500
\$25,000,000	Revenue Bond	\$22,500
\$75,000,000	Revenue Bond	\$63,750
\$25,000,000	Revenue Bond - CRA	\$22,500
\$5,000,000	Notes Payable - CRA	\$20,000

Hourly Rates

PFM works with our clients on a daily basis to meet their needs and rarely charges for hourly work. Hourly fees are only charged for time intensive capital planning or strategic consulting work and all fees must be agreed upon in writing prior to the start of the project.

Experience

Hourly Rate

Managing Director and Director
Sergio Masvidal (or equivalent)

\$200.00

Senior Managing Consultant
Pete Varona (or equivalent)

\$175.00

Senior Analyst and Analyst

\$150.00

Administrative Staff

\$0.00



Out of Pocket Expenses

Any out of pocket expenses related to a transaction will be billed at cost. We will provide receipts for any expenses that are being requested to be reimbursed.

Structured Products, Investment Advisory, and Arbitrage Rebate Services

The financial advisory compensation proposed above does not apply to services related to procurements of bond proceeds investments, investment management, or arbitrage rebate. Fees for these special services shall be negotiated as a function of the complexity of the proposed engagement and the specific scope of services outlined. PFMAM, registered investment advisor, is prepared to offer the City its full range of investment management and arbitrage rebate compliance services. This might include the procurement of structured investment products or other investment securities for a bond construction account or refunding escrow. If needed, these services would be performed by PFMAM pursuant to a separately negotiated letter agreement. PFMAM fully discloses all fees related to any transaction.