



**JEFFERSON COUNTY**  
**DEPARTMENT OF ADMINISTRATIVE SERVICES**  
729 MAPLE ST / PO BOX 100  
HILLSBORO MO 63050  
WWW.JEFFCOMO.ORG

**Request for Proposal: FINANCIAL ADVISOR SERVICES 2012      Date Issued: 11-9-11**

**PROPOSALS SHALL BE ACCEPTED UNTIL: TUESDAY, DECEMBER 13, 2011, AT 2:00 P.M. LOCAL TIME.**

**Specification Contact:** Steve Stoll  
Department of Administrative Services  
636-797-6487

**Contract Contact:** VICKIE PRATT  
Department of Administrative Services  
636-797-5382

**Mail (3) Three  
Complete Copies  
With Vendor And  
Proposal  
Information As  
Shown In Sample:**

**SAMPLE ENVELOPE**

VENDOR NAME	
VENDOR ADDRESS	
CONTACT NUMBER	DEPARTMENT OF THE COUNTY CLERK
	JEFFERSON COUNTY MISSOURI
	729 MAPLE ST / PO BOX 100
	HILLSBORO MO 63050-0100
SEALED PROPOSAL: (PROPOSAL NAME)	

**Contract Term:  
1-1-12 to 12-31-12**

The undersigned certifies that he/she has the authority to bind this company in an agreement/contract to supply the commodity or service in accordance with all terms, conditions, and pricing specified. Prices are firm during this agreement term, unless agreed upon in writing by the County. The County has the option to renew this agreement at the same terms and conditions as the original agreement for one additional one-year term with the written consent of the successful bidder. Price increases for renewals are not authorized unless approved in writing by the County.

**Vendor  
Information:**

Piper Jaffray & Co.	Michelle M. Bock
Company Name	Authorized Agent (Print)
8235 Forsyth Blvd Suite 600	Michelle M. Bock
Address	Signature
St. Louis MO 63105	Managing Director
City/State/Zip Code	Title
314-726-7532	12/12/2011
Telephone #	Date
41-0953246	Tax ID #
michelle.m.bock@pjc.com	314-727-2622
E-mail	Fax #

## EXHIBIT C

### AFFIDAVIT OF WORK AUTHORIZATION:

The grantee, subgrantee, contractor or subcontractor who meets the section 285.525, RSMo definition of a business entity must complete and return the following Affidavit of Work Authorization.

Comes now Michelle M. Bock (Name of Business Entity Authorized Representative) as Managing Director (Position/Title) first being duly sworn on my oath, affirm Piper Jaffray & Co. (Business Entity Name) is enrolled and will continue to participate in the E-Verify federal work authorization program with respect to employees hired after enrollment in the program who are proposed to work in connection with the services related to \_\_\_\_\_ (Bid/Grant/Subgrant/Contract/Subcontract) for the duration of the grant, subgrant, contractor, or subcontractor, if awarded in accordance with subsection 2 of section 285.530, RSMo. I also affirm that Piper Jaffray & Co. (Business Entity Name) does not and will not knowingly employ a person who is an unauthorized alien in connection with the contracted services related to \_\_\_\_\_

(Bid/Grant/Subgrant/Contract/Subcontract) for the duration of the grant, subgrant, contract, or subcontract, if awarded.

*In Affirmation thereof, the facts stated above are true and correct. (The undersigned understands that false statements made in this filing are subject to the penalties provided under section 575.040, RSMo.)*

Michelle M. Bock  
Authorized Representative's Signature

Michelle M. Bock  
Printed Name

Managing Director  
Title

December 13, 2011  
Date

Subscribed and sworn to before me this 12<sup>th</sup> of December, 2011. I am  
(DAY) (MONTH, YEAR)

commissioned as a notary public within the County of St. Charles, State of  
(NAME OF COUNTY)

Missouri, and my commission expires on 12/14/11.  
(NAME OF STATE) (DATE)

Diane M. Rehkop  
Signature of Notary

12/14/11  
Date

DIANE M. REHKOP  
Notary Public - Notary Seal  
STATE OF MISSOURI  
County of St. Charles  
My Commission Expires: Dec 14 2011  
Commission # 07417150

Bidder's Initials: MB

December 13, 2011

Office of the County Clerk  
Jefferson County Administration Center  
Attn: Steve Stoll  
729 Maple Street  
Hillsboro, MO 63050-0100

Dear Mr. Stoll:

On behalf of Piper Jaffray & Co., we thank you for allowing us the opportunity to submit our financial advisory proposal. We truly believe that we are uniquely suited to being an integral part of the County's "team".

The following are the key traits or qualifications which we believe the County may deem important in the selection of its financial advisor.

- ✓ **Extensive Experience** – Piper Jaffray is consistently among the leading financial advisors and underwriters in the State, the Midwest and the Nation. The fact that we are a leading underwriter means that we are able to offer our financial advisory clients market knowledge and insight not available to financial advisory-only firms. Our team members have worked with numerous counties and other issuers in the State of Missouri and understand the broad range of financing needs and the tools available to meet them.
- ✓ **Accessibility** – While the full resources of Piper Jaffray are available to the County, the lead bankers, Michelle Bock and Landon Boehm, are based locally and are readily available to address the County's needs on short notice.
- ✓ **Local Team of Experts** – Our local team approach will provide the County with expertise in core government finance, redevelopment and capital project planning, with real knowledge of the County's functions and needs.
- ✓ **Extensive In-House Resources** – From our state of the art market information services, to our multiple trading desks, to our investment expertise, to our specialty-area bankers, to our derivatives group, Piper Jaffray can offer the extensive service and expertise that a sophisticated borrower such as the County requires.

Office of the County Clerk  
December 13, 2011  
Page 2

Piper Jaffray offers all of the above qualifications at a reasonable cost. We encourage you to review our proposal and to invite us to meet with the County staff in person to better explain how we can best meet the County's financial advisory needs.

Very truly yours,

A handwritten signature in black ink, reading "Michelle M. Bock". The signature is written in a cursive, flowing style.

Michelle M. Bock  
Managing Director  
Public Finance/Investment Banking

## A. ORGANIZATION

1. *Firm name, address, telephone number and contact person.*

Name of Firm: Piper Jaffray & Co.  
Contact Person: Michelle M. Bock  
Managing Director  
Clayton Office Address: 8235 Forsyth Blvd, Suite 600  
Clayton, MO 63105  
Telephone Number: (314) 7267532  
Fax Number: (314) 727-2622

2. *Description of any unique characteristics of your firm or any other information that you believe would be relevant to the County in making its selection of a financial advisor.*

Founded in 1895, Piper Jaffray Companies (NYSE: PJC) is a leading, international investment bank and institutional securities firm, serving the needs of middle market corporations, private equity groups, public entities, nonprofit clients and institutional investors.

Piper Jaffray is a broker-dealer and provides both underwriting and financial advisory services to clients, depending upon their needs and objectives. We firmly believe that we are better financial advisors as a result of our underwriting experience. We are continuously in tune with the municipal marketplace and intimately aware of changes and opportunities that exist. We are better able to provide timely and accurate market advice to our financial advisory clients.

Further, because we are a sizable firm, we have resources that "one man" firms simply do not. Our state of the art information technology enables us to provide, once again, timely and relevant information to our clients.

Finally, we maintain the view that each client is unique and, thus, approach each assignment with the goal of providing options from which a final plan of finance can be determined.

### Financial Advisor Experience

Piper Jaffray ranks as one of the top financial advisors in the nation. In 2010, we ranked seventh in the country, serving as financial advisor on 195 municipal issues totaling \$2.7 billion in par amount.

National Financial Advisory Long-Term Transactions Ranked by Number of Issues 2010			
Rank	Firm	# of Issues	Par Amount (US\$ mil)
1	Public Financial Management Inc	988	57,534.9
2	FirstSouthwest	722	27,886.7
3	Ehlers & Associates	372	1,781.9
4	Springsted Incorporated	262	2,805.0
5	RBC Capital Markets	215	9,205.9
6	Ross Sinclair & Associates LLC	211	1,811.3
7	Piper Jaffray & Co	195	2,709.8
8	Southwest Securities	185	1,864.0
9	Speer Financial Inc	172	1,096.3
10	Stephen H McDonald & Associates Inc	169	620.0



#### Clayton Location

Jefferson County will be served by our Clayton, Missouri location where we have a total of nearly 40 employees. Of those employees, 7 are dedicated public finance professionals.



## D. SCOPE OF SERVICES

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1. *Describe your firm's steps in developing a financial plan and the duties your firm will perform as financial advisor. Such duties must include at a minimum:*

Piper Jaffray agrees to provide the services as listed in the County's RFP (as restated below) as well as those services that follow.

- a. Advise the County on bond market conditions and timing of the refunding of lease obligations.
  - b. Coordinate and assist all parties involved in the financing to ensure events are completed on a timely basis.
  - c. Advise the County with respect to the term of amortization, call provisions, and other factors which are relevant to refunding the lease obligations.
  - d. Prepare debt service schedules and other related numbers runs.
  - e. Assist in the analysis of all bids received for the refunding.
  - f. Assist in complying with continuing disclosure requirements.
  - g. Assist the County in decisions regarding whether or not to incorporate a debt service reserve fund in lease financing.
  - h. Advise the County on whether to utilize negotiated or competitive sales as well as consideration of alternative methods of sale including direct placements.
2. *Describe your role as financial advisor in a negotiated versus competitive sale of lease obligations.*

Prior to the financial crisis in 2008 that disrupted the municipal bond market, the general thinking regarding the use of competitive sales was that they worked best for high credit quality issues that were also frequent issuers and had few structural issues. During and after the financial crisis, the number of competitive sales decreased substantially. As we moved through 2010, the municipal bond market has recovered and is operating more efficiently than in 2009, but not quite to the levels seen prior to 2008. Through September of 2010, 18 percent of the total issuance was sold through a competitive sale, which compares to 2009 when 14.2 percent was sold through competitive sale.

Piper Jaffray has extensive experience in both negotiated and competitive sales and view our role in both as essentially the same—we work on the county's behalf to assure that the best terms are achieved. In a negotiated sale, we will assist the County with distribution and analysis of an RFP for underwriter. Once the underwriter is selected, we will act on the County's behalf to assure the lowest rates and best call provisions are achieved.



- More control of distribution. The issuer can require that local residents receive a priority if they wish to purchase bonds, which is not the case with a competitive sale.
- Greater input from the Underwriter regarding structuring and rating issues. Since the underwriter is selected early on in the issuance process, they are part of the financing team and will often provide valuable structuring and credit feedback.

One downside is that since the issuer does not receive multiple bids for its bonds, it must work closely with its financial advisor to ensure that the proposed pricing is at market rates. The financial advisor can look at other similar recent pricings to compare performance and also talk to its own underwriting desk to validate the proposed pricing.

#### COMPETITIVE SALE:

- Piper Jaffray's role in a competitive sale is to coordinate the sale process with the goal of attracting the greatest number of aggressive bidders for the County's issuance.
- The main advantage is that the issuer receives several bids and then simply takes the bid with the lowest borrowing rate. This method removes any potential bias towards selecting a particular underwriter for non financial reasons. It also provides easy confirmation that the Issuer did receive the best rate for that particular day. However, it does not necessarily ensure that the issuer achieved the lowest cost of borrowing. For example, competitive sales are difficult to move from one date to another, so if the market is turbulent on the day of pricing the issuer may be stuck with rates which reflect market concerns on that day. Conversely, with a negotiated sale if the market is volatile on the day of pricing the financing team can easily decide to postpone the pricing.
- Timing is inflexible. As discussed above, once the pricing date is set it is difficult (though not impossible) to move. This provides little flexibility for issues that are very interest rate sensitive.
- Often this is the method of choice for issuers that are in the market frequently and the buyers are familiar with the name and the credit.
- Competitive sales also work best for highly rated issues (like the County) with a common market structure. It can be a little more difficult to achieve precise debt service structures with a competitive sale, but for a highly rated issue where the issuer is looking for a relatively level debt service, the competitive sale may be advantageous.





#### PRIVATE PLACEMENT:

- Private placements often require less documentation, which can help lower the costs of issuance.
- Purchasers of private placements are typically banks and can usually lock rates for a specified time period. This may allow an issuer to lock in a rate while they are still preparing documents thus removing interest rate risk.
- Private placement rates may be higher than publicly offered bond rates. Since the costs of issuance are lower, a private placement may still have a lower all in rate, but typically once the deal size reaches a certain size, a traditional bond offering will provide a lower all in cost of borrowing.
- Private placements can work well on equipment leases or on more complicated deals. When an issuer does a private placement they work with one purchaser so it is often easier to thoroughly explain the credit and even make structural changes requested by the purchaser.

3. *Assist in the preparation of data for presentation to rating agencies and bond insurers.*

Piper Jaffray will coordinate the rating process on behalf of the County. Bond insurance will not be necessary as the insurers have become less credit-worthy and the County's rating is better than that of most insurers.



## E. PROPOSED FEE

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1. *Describe the firm's fee schedule and expected out-of-pocket expenses for the work proposed and for various financing alternatives.*

Piper Jaffray proposes a fee of \$12,000 for the refunding of the 2007 Certificates of Participation and a fee of \$7,500 for the 2004 Neighborhood Improvement District Bonds.

We will also provide assistance with other County financial issues, including continuing disclosure for existing obligations for a fee of \$500 per year.

2. *Explain the fees and how they may differ in the case of a negotiated versus competitive sale of lease obligations.*

Piper Jaffray's fee will be the same regardless of the County's chosen method of sale.





**JEFFERSON COUNTY**  
**DEPARTMENT OF ADMINISTRATIVE SERVICES**  
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**Specification Contact:** **Steve Stoll**  
Department of Administrative Services  
636-797-6487

**Contract Contact:** **VICKIE PRATT**  
Department of Administrative Services  
636-797-5382

**Mail (3) Three  
Complete Copies  
With Vendor And  
Proposal  
Information As  
Shown In Sample:**

**SAMPLE ENVELOPE**

*VENDOR NAME*  
*VENDOR ADDRESS*  
*CONTACT NUMBER*      **DEPARTMENT OF THE COUNTY CLERK**  
**JEFFERSON COUNTY MISSOURI**  
**729 MAPLE ST / PO BOX 100**  
**HILLSBORO MO 63050-0100**  
**SEALED PROPOSAL: (PROPOSAL NAME)**

**Contract Term:**  
**1-1-12 to 12-31-12**

The undersigned certifies that he/she has the authority to bind this company in an agreement/contract to supply the commodity or service in accordance with all terms, conditions, and pricing specified. Prices are firm during this agreement term, unless agreed upon in writing by the County. The County has the option to renew this agreement at the same terms and conditions as the original agreement for one additional one-year term with the written consent of the successful bidder. Price increases for renewals are not authorized unless approved in writing by the County.

**Vendor  
Information:**

Public Financial Management, Inc      Jon Burmeister  
**Company Name**      **Authorized Agent (Print)**  
801 Grand Ave, Suite 3300      Jon Burmeister  
**Address**      **Signature**  
Des Moines, IA 50309      Managing Director  
**City/State/Zip Code**      **Title**  
515-243-2600      12-12-2011      23-1992164  
**Telephone #**      **Date**      **Tax ID #**  
burmeisterj@pfm.com      515-243-6994  
**E-mail**      **Fax #**

**EXHIBIT C**

**AFFIDAVIT OF WORK AUTHORIZATION:**

The grantee, subgrantee, contractor or subcontractor who meets the section 285.525, RSMo definition of a business entity must complete and return the following Affidavit of Work Authorization.

Comes now Jon Burmeister (Name of Business Entity Authorized Representative) as  
Managing Director (Position/Title) first being duly sworn on my oath, affirm  
Public Financial Management, Inc. (Business Entity Name) is enrolled and will continue to participate in the  
E-Verify federal work authorization program with respect to employees hired after enrollment in the program  
who are proposed to work in connection with the services related to                      the Contract                       
(Bid/Grant/Subgrant/Contract/Subcontract) for the duration of the grant, subgrant, contractor, or subcontractor,  
if awarded in accordance with subsection 2 of section 285.530, RSMo. I also affirm that  
Public Financial Management, Inc. (Business Entity Name) does not and will not knowingly employ a person  
who is an unauthorized alien in connection with the contracted services related to  
                     the Contract                      (Bid/Grant/Subgrant/Contract/Subcontract) for the duration of  
the grant, subgrant, contract, or subcontract, if awarded.

*In Affirmation thereof, the facts stated above are true and correct. (The undersigned understands that false statements made in this filing are subject to the penalties provided under section 575.040, RSMo.)*

Jon Burmeister  
Authorized Representative's Signature

Jon Burmeister  
Printed Name

Managing Director  
Title

12-12-2011  
Date

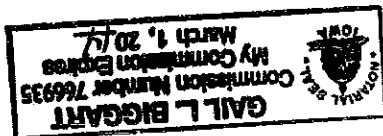
Subscribed and sworn to before me this 12 of 12, 2011. I am  
(DAY) (MONTH, YEAR)

commissioned as a notary public within the County of Polk, State of  
(NAME OF COUNTY)

Iowa, and my commission expires on 3/1/14.  
(NAME OF STATE) (DATE)

Gail L. Biggart  
Signature of Notary

12/12/11  
Date





# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

11/23/2011

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 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 rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Frank Crystal & Co., Inc. Financial Square 32 Old Slip New York NY 10005	<b>CONTACT NAME:</b>	
	<b>PHONE (A/C, No, Ext):</b> 212-344-2444	<b>FAX (A/C, No):</b> 212-509-1292
<b>INSURED</b> Public Financial Management, Inc. Two Logan Square, Suite 1600 18th and Arch Streets Philadelphia PA 19103	<b>E-MAIL ADDRESS:</b>	
	<b>INSURER(S) AFFORDING COVERAGE</b>	
	<b>INSURER A:</b> Great Northern Ins. Co.	<b>NAIC #</b> 20303
	<b>INSURER B:</b> Federal Insurance Company	<b>NAIC #</b> 20281
	<b>INSURER C:</b>	
	<b>INSURER D:</b>	
	<b>INSURER E:</b>	
	<b>INSURER F:</b>	

**COVERAGES****CERTIFICATE NUMBER:** 1877988479**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 INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC			35363950	11/30/2011	11/30/2012	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 \$
B	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			73248555	11/30/2011	11/30/2012	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"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> <b>OCCUR</b> <input type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> <b>CLAIMS-MADE</b> <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			79774080	11/30/2011	11/30/2012	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below			71739979	1/1/2012	1/1/2013	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

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

Evidence of coverage only

**CERTIFICATE HOLDER**

Public Financial Management, Inc.  
Two Logan Square, Suite 1600  
18th and Arch Streets  
Philadelphia PA 19103

**CANCELLATION**

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

*Frank Crystal & Co., Inc.*

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## The PFM Group

Public Financial Management, Inc.  
PFM Asset Management, LLC  
P.O. Box 10000

2600 Grand Avenue  
Suite 214  
Des Moines, IA 50312

515 243-2600  
515 243-6994 fax  
www.pfm.com

December 12, 2011

Department of the County Clerk  
729 Maple Street  
Hillsboro, MO 63050

The PFM Group is pleased to submit this proposal to provide financial advisory services to Jefferson County, Missouri the ("County"). The PFM Group ("PFM") comprises Public Financial Management, Inc. and PFM Asset Management LLC, affiliated companies under the same ownership. The steady growth of PFM from a two-person firm in 1975 to our current 462 employees has demonstrated our commitment to becoming the pre-eminent financial advisory firm in the country. PFM offers its clients a comprehensive range of financial planning, debt management, investment management and arbitrage rebate services from a staff of highly trained and uniquely qualified professionals; our financial planning and debt management services include the facilitation of refundings, the preparation of offering documents, cash flow analysis, presentations to credit agencies.

PFM has built its reputation and success working for clients like Jefferson County, Missouri and other municipalities in the Midwest. PFM works for many clients across the country and can offer valuable experience and insights that are gained from this broad experience. Over the past seven years, PFM has consistently ranked first in national rankings for financial advisors based on total par amount of all long term debt issued.

In reviewing our response to your RFP, please consider the following special characteristics of PFM:

- ♦ **Independence** - PFM is an *independent* financial advisory firm, not an investment bank that underwrites securities. Therefore, unlike an underwriting firm that must meet the needs of the buyer and the seller of securities, we have no inherent conflict of interest. Upon being retained as financial advisor for the County, we will serve only your needs by providing sound and unbiased advice.
- ♦ **National Scope** - PFM is one of the nation's most experienced financial advisory firms. Since 1975, PFM has assisted clients across the nation and is thoroughly experienced in all aspects of public finance. As you know, it is important for the County to have access to the wide variety of resources and expertise offered by a national, independent financial advisory firm.



## Organization



In May 2009, Public Financial Management, Inc. (a Pennsylvania corporation) and PFM Asset Management, LLC (a Delaware limited liability company) and related businesses, all of which were owned by their senior employees ("Managing Directors"), reorganized into a holding company structure. The new holding company is named PFM I, LLC (a Delaware limited liability company) and all of the above-named business entities have become indirect wholly owned subsidiaries of PFM I, LLC. Contemporaneously, a group of well-known private equity investors made a substantial equity and credit investment in the PFM I, LLC holding-company structure. PFM I, LLC is owned by (i) the Managing Directors who, in the aggregate, own a majority of the equity interest but do not nominate a majority of the managers, and (ii) two entities effectively controlled by ICV Capital Partners, LP.

### Financial Advisor

As a financial advisor, PFM engages in capital planning, revenue forecasting and evaluation, resource allocation, debt management policy development and debt transaction management (including structuring, documentation and execution). PFM delivers unmatched experience and expertise that helps clients resolve the myriad of technical and financial concerns they routinely confront during the capital formation process. Our national reputation and consistent growth, from \$5 billion in managed debt transactions in 1986 to \$57.5 billion in 2010, reflect our clients' recognition of our capabilities and the value we add.

With its comprehensive orientation, PFM is unique among financial advisors, who more typically only manage debt transactions. PFM offers its clients a complete scope of services to meet all of their financial needs. We develop innovative financing solutions for our clients' problems, and lead the public finance industry in the introduction of financing techniques designed specifically to enhance governmental access to the capital markets. As a national firm, PFM is able to offer an unrivaled breadth of experience and market expertise.

### Investment Manager

PFM Asset Management LLC ("PFMAM") is devoted primarily to providing investment advice and portfolio management for governmental and not-for-profit organizations, corporations, pension funds and other institutions.

As an investment manager, PFMAM brings a comprehensive spectrum of services to the business of money management. Managing both investment pools and individual client portfolios designed to earn competitive yields - while maximizing safety and liquidity, PFMAM's services include timely market-driven portfolio management, portfolio design, state-of-the-art accounting and arbitrage rebate calculation services. The value of this service to clients is evident in the growth of assets under our management, from \$1 billion in 1986 to over \$36.9 billion at December 31, 2010.



## Organization

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### Independence

As an independent financial advisory firm, we are fully and solely committed to the County's concerns. The attention of our professionals is not diverted by the potential conflicts arising from being in the underwriting and securities distribution business. While we are sensitive to investor preferences from a credit, marketing, structuring and pricing perspective, we make our client's needs and requirements our first priority.

We serve only **one** interest: that of our client's and no one else. This fact-coupled with our proven track record and comprehensive approach to finance makes PFM a leader in providing sound, independent financial and investment advisory services to local and state governments as well as institutional borrowers and investors.

The Dodd Frank Act of 2010 attempts to correct the imbalance between underwriters and issuers. The Municipal Securities Rulemaking Board (MSRB) and the Securities & Exchange Commission (SEC) have codified the fiduciary duty owed to municipal issuers, and prohibits a broker-dealer from serving as a financial advisor to eliminate conflict of interest. Financial Advisors are required to register with the MSRB. Broker-dealers will no longer be able to play both roles on the same transaction, even with issuer consent.

As recently codified by MSRB Rule G-23, Broker/Dealers acting as financial advisors cannot offer a bid to purchase the issuer's bonds, thereby reducing competition. Choosing an independent Financial Advisor allows issuers to offer its bonds for sale while maximizing potential bidders and increasing competition, which typically reduces costs.

### Financial Expertise

PFM's professionals possess the advanced financial skills needed to negotiate aggressive business terms for transactions, structure complex debt issues, analyze issuer credit quality, negotiate bond pricing levels, develop customized computer models, conduct disclosure reviews, invest available moneys, meet federal tax laws and otherwise optimally complete any transaction. We have experts in debt refinancing, derivative products, lease transactions, fixed-income portfolio management, accounting and governmental budgeting. Furthermore, PFM's professionals have a record of developing innovative financing techniques designed to meet our clients' needs at the lowest possible cost of capital. We operate at the high end of the public finance industry, providing advice and counsel based on sound financial principles and sophisticated technical analysis.

### Technical Expertise

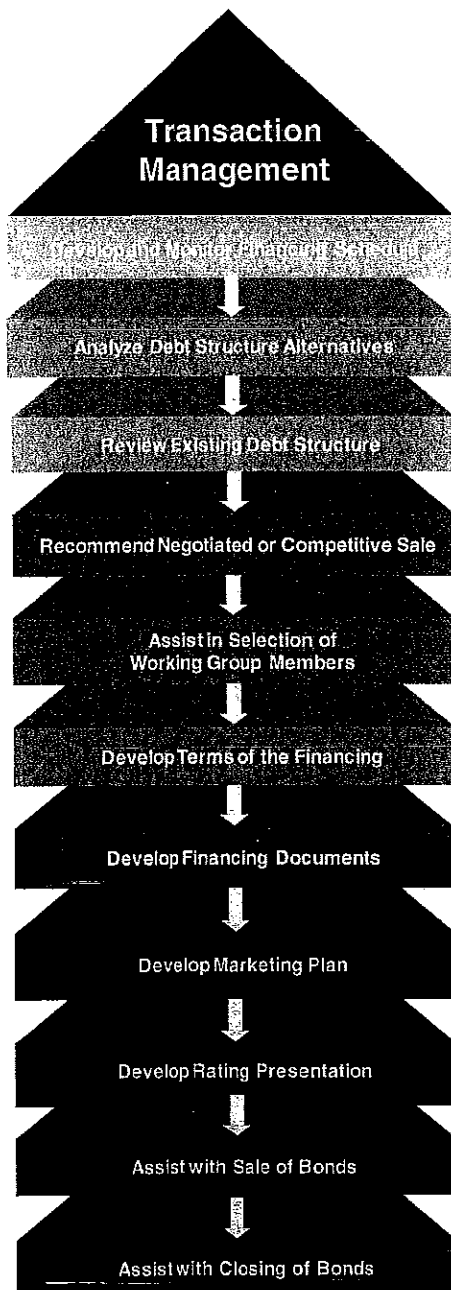
PFM continues to develop and strengthen its edge technically by installing the most advanced telecommunications and processing systems available. PFM provides its clients with a diverse and broad array of analytical capabilities. Each team of PFM professionals includes members experienced in credit research, economic analysis, computer programming, municipal bond structuring and refunding techniques. All PFM professionals possess exceptional skills in utilizing financial modeling software and developing custom financial analytical models.





## Scope of Services

1. Describe your firm's steps in developing a financial plan and the duties your firm will perform as financial advisor. Such duties must include at a minimum:
  - a. Advise the County on bond market conditions and timing of the refunding of lease obligations.
  - b. Coordinate and assist all parties involved in the financing to ensure events are completed on a timely basis.
  - c. Advise the County with respect to the term of amortization, call provision, and other factors which are relevant to refunding the lease obligations.
  - d. Prepare debt service schedules and other related numbers runs.
  - e. Assist in the analysis of all bids received for the refunding.



### Scope of Services Overview

PFM's integrated approach to providing services offers our clients a unique opportunity for leading-edge expertise in the many facets of municipal finance. As will be demonstrated throughout our proposal, PFM possesses the necessary understanding and ability to deliver the requested scope of services in a professional and timely manner. Specifically, PFM's proposed scope of services includes, but is not limited to: financial planning and debt management including: monitoring market conditions; coordinating and managing project events and timing; advising on all aspects of debt structuring; preparing debt services schedules and all related reports; analyzing bids received; recommending the appropriate method of sale; and assisting in the preparation of presentations to rating agencies and bond insurers.

### Approach to Bond Transaction Management

Our primary objective in delivering transaction management services is to ensure that the County secures the lowest possible interest cost for its bond financed projects. We will achieve this objective by:

- Developing and managing a comprehensive financing schedule;
- Guiding the transaction so as to minimize the process and the County staff's administrative burden;
- Emphasizing competition in all aspects of a transaction's implementation;
- Reviewing past performance and recommending adjustments and innovations as appropriate; and
- Preparing quantitative analyses of debt issuance details to support a marketable bond structure.

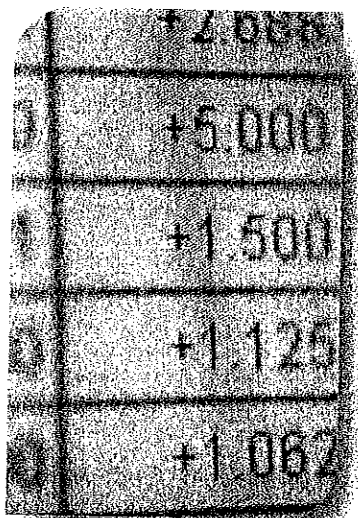
PFM's anticipated role on the County's transactions is outlined in the graphic in the left margin.

### Approach to Debt Management

As financial advisor to the County, PFM takes the lead in developing a schedule and assigning responsibility for tasks and deliverables. Our approach to the work plan begins with the end in mind, for example, starting with the end goal of the receipt of bond proceeds on a particular date. PFM will aggressively manage the debt transaction schedule, closely communicating with the County throughout the process.



## Scope of Services



### **Monitor Market Conditions and Determine Timing of Sale**

In recent years, volatile market conditions have forced issuers to carefully time their tax-exempt borrowings. Factors such as wildly fluctuating interest rates, unprecedented upheaval in the international economic community, and regular federal tax reform proposals have combined to create a very unstable tax-exempt market environment. To assist its clients with the timing of proposed issues, PFM closely monitors all such developments and evaluates the potential impact of each on new-issue, tax-exempt securities.

In addition, PFM's regional and national perspective would allow the County to coordinate its offerings with those of other issuers. This effort is designed to focus underwriter interest on the County's transaction by separating them from other sales. Our overall goal is to identify a market in which: (i) interest rates are stable; (ii) the supply of tax-exempt securities is light; and (iii) there is significant demand from both institutional and retail investors.

While PFM is committed to identifying a favorable sale date for each of the County's transactions, we recognize that there are inherent risks in trying to anticipate market trends and believe that the issuer's own cash flow needs would normally be the most important factor affecting the timing of a particular sale. Our advice to the County concerning issue timing will reflect PFM's sensitivity to your needs, our experience with the sale of more than \$294.4 billion of tax-exempt debt, as well as our cautious interpretation of all current market and legislative information.

### **Develop and Monitor Financing Schedule**

To facilitate the timely completion of all tasks, PFM will prepare a bond sale calendar that clearly identifies the responsibilities of each participant in the transaction. The schedule will be designed to permit sufficient time for review of all disclosure materials by issuer officials prior to final printing and distribution.

PFM will utilize its extensive experience to prepare a schedule that allows for the orderly completion of each component of the transaction. Moreover, we will work closely with all external participants (e.g., printers, rating analysts, etc.) to ensure that their tasks are coordinated with the activities of the County's staff.

Finally, we will keep issuer officials informed about the progress of the financing and, if necessary, remind team members of deadlines.

### **Issuance Coordination**

Once the working group has been selected, PFM assumes the role of coordinator and catalyst, dissemination all pertinent information to bond counsel, rating agencies, and potential bidders. The objective of this process is to create a package of terms that creates broad-based interest in the debt among investors while ensuring the lowest possible cost to the County and future flexibility. After assisting the County in developing its financing priorities, it will be PFM's job to represent the County's point of view to the other team members during all discussions about the structure of the financing.



## Scope of Services

### **Analyze Debt Structure Alternatives**

The determination of an efficient issue structure is a function of three elements: (i) is the proposed amortization schedule well coordinated with the issuer's existing debt obligations and revenues? (ii) are the resources pledged to debt redemption sufficient to meet total debt service coverage requirements when existing and proposed debt is combined? (iii) is the proposed maturity schedule designed to attract maximum interest from underwriters and potential investors in the current market?

Working with other members of the financing team and issuer staff, PFM will use the information it has gathered from the policy review and development phase and the terms under which the bonds are to be offered in order to answer the aforementioned questions in the best possible manner, given the current market. PFM's experience with the structuring and sale of over \$500 billion of debt has given us an appreciation for this task and an awareness of how to design terms and conditions of sale that are compatible with underwriter and investor interests under varying market conditions while consistent with the issuer's fiscal policy objectives. PFM will provide the County with all relevant debt schedules and reports related to structural alternatives. Some of the key issues to be addressed are as follows:

### ***Maturity Schedule and Pattern of Debt Service***

In general, PFM believes that the issuer should schedule the annual debt requirements of its debt to maintain required debt service coverage ratios, while preserving future debt capacity, or in the case of general obligation debt, to provide for the lowest total debt service while limiting the millage impact. PFM will utilize its technical expertise, understanding of the specific credit requirements needed to maintain the issuer's current credit ratings and extensive market experience to develop a maturity schedule for each bond issue that addresses all of these concerns.

### ***Security***

Our experience in the municipal market will enable us to identify reasonable security provisions for each of the issuer's financing programs. As these provisions are developed, PFM will evaluate the potential impact of each term and condition of the financing on the issuer's ability to:

- Efficiently fund other projects in the future,
- Efficiently manage its investments,
- Minimize required debt service coverage without affecting bond ratings,
- Refinance debt in the future.

### ***Call Features***

PFM believes that call or early redemption provisions should be included in the terms and conditions of sale only after an assessment of the following: (i) the likelihood that the issuer will have sufficient resources available in the future to redeem the securities prior to maturity; (ii) the likelihood that interest rates will fall sufficiently to provide an opportunity to achieve savings through a refunding at some future date; (iii) any characteristics of the revenue stream securing the issue that suggest a potential benefit from restructuring the maturities at some later date; (iv) the extent to which there are restrictive covenants included in the terms and conditions of sale that are necessary to market the bonds successfully, but that may be modified in the future to give



## Scope of Services

the issuer greater financing flexibility; or (v) the interest rate penalty for the inclusion of call provisions. The latter consideration is in keeping with PFM's commitment to preserving maximum financing flexibility for the issuer so long as there is no significant negative impact on total borrowing costs.

### ***Competitive Bid Evaluation and Award Recommendation***

Bids will be submitted pursuant to bid specifications outlined in the preliminary offering statement. The bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost basis (TIC). The TIC shall be determined by the "present worth method," i.e., by ascertaining the semiannual rate, compounded semi-annually, necessary to discount to present worth as of the anticipated dated date of the bonds, the amount payable on each interest payment date and on each stated maturity date or earlier mandatory redemption, so that the aggregate of such amounts will equal the aggregate purchase price offered therefore. The TIC shall be stated in terms of an annual percentage rate and shall be that rate of interest which is twice the semiannual rate so ascertained.

In advance of the sale, PFM will create a bid evaluation model, to verify the accuracy of the bids submitted; typically the financial advisor's computation of the TIC of each bid is controlling. Subsequent to the receipt of all bids, PFM will verify and tabulate all bids, and provide a written recommendation to the County. In most cases, PFM makes an oral presentation of the sales results and recommendation to the governing body on the evening of the competitive sale.



### ***Closing the Transaction***

PFM will work with all parties involved with the closing to prepare a schedule of tasks to be completed prior to closing and identify the party responsible for completing the task. These tasks include printing and preparing bond certificates (if printed bonds are used), completing the final official statement, preparing closing documents, arranging for the transfer of funds and investment of funds (service provided by PFMAM at the County's request).

In preparation for closing, PFM will work with the County's bond counsel and other members of the financing team to prepare and review all required documentation. If the transaction is a refunding, PFM will assist in the purchase of U.S. Treasury securities for the escrow. Other closing arrangements will also be completed so that officials of the County can be confident that each transaction will be completely and professionally brought to a close. Subsequent to closing, PFM will provide a comprehensive post-sale memorandum to the County.

Once bond proceeds have been delivered, PFM is also prepared to offer the County its full range of investment management services as previously described. These services will be performed by PFM's Investment Advisory Group located in PFM's Harrisburg office.



### Refunding Analyses

PFM has been the financial advisor for over 4,000 refunding transactions amounting to over \$202 billion since 2000. PFM is in the market so often that we have experience with and have helped to develop numerous innovative advanced refunding techniques, such as forward swaps and forward settlement bonds and contingent bond purchase agreements. PFM regularly reviews our client's debt portfolios for refunding opportunities that meet the savings parameters set forth in each client's debt management policy throughout the financial planning and debt management process. PFM's approach to refunding analytics is described below.

PFM's approach to identifying and selecting candidates is comprehensive and analytically intensive. And, whether structuring and pricing the refunding bonds, bidding escrow securities, considering innovative products and structures, dealing with the investment banks, the bond insurers, the investors or their proxies at the rating agencies, PFM will bring this same comprehensive analytical approach to bear on your behalf.

As the County contemplates refunding some or all of its outstanding bonds, it is important to properly analyze all aspects of the proposed transaction to optimize savings. PFM employs a "funnel approach" to evaluate refundings, whereby each series, and then each outstanding maturity, is examined in progressively more and more detail to identify and analyze refunding opportunities. This approach recognizes that to identify the optimal universe of refunding candidates, the savings that may be realized by refunding a given bond must reach some threshold level, and that this threshold savings level must bear some defensible relationship to the theoretical value of the bond's embedded call option. PFM's approach to evaluating refundings also recognizes that these absolute and relative savings criteria must not be determined only on a maturity-by-maturity basis. Rather, if maximum value is to be realized, consideration must also be given to the dynamic effect that refunding several bonds or series of bonds at the same time may have on the escrow and/or bond structure.

PFM begins its refunding analysis by categorizing each of the County's bonds based on each series' legal refunding status and the gross and present value savings that may be garnered by refunding a given maturity. PFM then continues to systematically analyze each maturity to determine why it generates its level of savings and whether these savings may be increased using a variety of techniques. Next, PFM provides option valuation analysis that permits a County to determine whether or not these resultant savings are sufficient to merit a refunding in consideration of the County's policies and goals. Finally, PFM calculates the marginal impact on savings produced by refunding a given bond as part of a larger transaction.

PFM's approach to maturity-by-maturity refunding analysis is undoubtedly more robust than that of our competition. We pride ourselves in identifying opportunities that would otherwise never be found. Then, with our bond-by-bond option valuation analysis, we also bring our clients the tools and analysis needed to make informed policy decisions, in consideration of the opportunity cost attendant to any refunding. Finally, with our marginal impact analysis, PFM identifies the dynamic affect refunding each maturity may have on the refunding escrow structure and/or the refunding bond structure calculated. Only in this way can an issuer optimize a given refunding.



## Scope of Services

At the outset of the engagement, we will evaluate the existing and expected credit market conditions, features of the credit, and financing time schedule associated with the proposed bond sale. These and other factors will be used to develop a recommended method of sale.

### ***Competitive Issuance Process***

PFM maintains extensive mailing lists, targeted by region and debt structure, of not only potential underwriters but primary industry resources such as Bloomberg, Thompson Municipal Market Monitor (TM3) and the Bond Buyer to whom all disclosure materials will be distributed. Utilizing these lists, PFM can ensure that all interested parties are provided with all the information they need to make an informed investment decision concerning the County's proposed offering. Furthermore, PFM encourages interest in the County's new issues through our direct contact with many major underwriting desks. The advantages of this activity are two-fold. First, PFM is able to inquire about the possible impact of different financing features including early call provisions or the resizing after award of the bonds. Second, by canvassing potential investors and underwriters, PFM is able to give added market exposure to any of the County's new bond issues.

In those cases where we are working directly with the County on a competitive sale, PFM will follow up the mailing of the POS the week before the sale with individual calls to all the major national and regional firms that we feel should be interested in the financing to answer any specific questions they might have and to encourage them to submit bids to the County. We have found that this process has been very successful in increasing the number and competitiveness of the bids an issuer would receive.

### ***Negotiated Issuance Process***

PFM plays an exceptionally strong supervisory role in negotiated sales. Notwithstanding any existing relationships between the County and an underwriter, we circulate an underwriting RFP which begins the process of negotiation by setting an upper limit for spread quotes. The interview process further defines the terms and conditions of the forthcoming issue. The County and PFM will select the main sales syndicate and set the management fee split, rather than leaving these important details to the lead underwriter.

PFM requires that a pricing book be prepared by the underwriter at least one week prior to pricing, so that the County can review the spread items, including a detailed list of expenses, and is fully prepared to negotiate. While the pricing book contains comparable rate and spread information on other recent bond sales, we also collect comparable information and would inform the County on the reasonableness of the pricing quotes.

PFM will work with the County throughout the pricing, assisting in evaluating the efforts of the underwriting team. To be sure that the bonds are selling in the manner represented, we will call other firms in the syndicate to check the sales progress information. Our contact with other underwriting firms gives us sufficient information to be able to override the underwriter and to insist on lower interest rates and/or spreads. PFM will also make recommendations regarding the bond allocation among underwriters, to ensure that those who are selling the bonds at the best rates are receiving a sufficient supply of bonds.





## Scope of Services

3. Assist in the preparation of data for presentation to rating agencies and bond insurers.

### Credit Approach

PFM has developed considerable experience working with the major national rating agencies. As a result of our experience advising more than one hundred clients each year to issue tax-exempt securities for a wide range of purposes, PFM has developed a clear understanding of the analytical methods utilized by Moody's Investors Service, Standard & Poor's Inc. and Fitch IBCA. Our professional staff is trained to conduct in-depth credit analyses comparable to those performed by the rating agencies so that both credit strengths and weaknesses can be identified by the County prior to the presentation of materials to rating analysts. This experience has been recently effectively utilized to improve the credit ratings assigned to several communities across the nation.

Through the normal course of any financial advisory engagement, PFM professionals are called upon to meet with officials of our client, other professionals participating on the financing team, outside interests which may require a briefing on the details of a financing mechanism or program, rating analysts, investors and representatives of Letter of Credit Banks or bond insurers. The experience gained in completing over billions of transactions in the recent years alone enables PFM to provide essential information to interested individuals in a timely and complete manner. As a result of this experience, we have developed a very effective working relationship with Moody's Investors Service, Standard & Poor's Corporation, and Fitch IBCA.

We will work closely with the rating agencies to fully understand their concerns and methodology and to design the County's presentations, as described below, 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.

### ***Recommend Presentation Format***

When the County makes a formal rating presentation, a presentation document should be developed. This document will provide a level of detail concerning the County's financial performance and results that is not permitted in the preliminary official statement. The presentation document is the appropriate forum for the graphic presentation of pertinent financial material—particularly data demonstrating trends in income, debt service and debt service coverage. The presentation document offers the County an opportunity to be creative in its presentation. It should not, however, become overly promotional. While it is perfectly acceptable to focus on the County's strengths, the document must also describe problems facing the County. This document offers an excellent forum in which to delineate management approaches to problem resolution. PFM's advisory team will offer an objective appraisal of the presentation document format and suggest improvements based on our firm's extensive experience with the rating process.

### ***Provide Outline for Presentation***



**Moody's Investors Service**

**Fitch Ratings**

**STANDARD  
& POOR'S**



## Scope of Services

To ensure that all relevant points are covered in the rating presentation, PFM will develop brief summaries or talking points of important items to be covered by each of the participants in the rating meeting. Such talking points will set clear parameters for officials' remarks on each topic. In addition to making sure that all necessary information is presented, the talking points will set limits on the time to be spent on each item and suggest ways to present the material in the most favorable light.

The importance of this phase of the project varies with the experience of the individuals participating in the meeting. However, even the best speakers and most technically competent officials need guidance in the development of a rating presentation. The rating analysts' view of public finance is different than that of the public officials. For this reason, the input of PFM's advisors, who have dealt with the rating agencies a number of times in the past, can be very important. Common sense goes a long way in these meetings, but it is no substitute for experience.

### ***Assist with the Collection of Data***

PFM will assist the County with the compilation, review, and revision of documentation required by the rating agencies. Our purpose in this phase of the project is to ensure that the County has all required documentation available in a format that is consistent with market expectations. The ready availability of this material demonstrates a significant degree of management control and sophistication and is a very favorable rating factor.

### ***Conduct Rehearsal of Rating Presentation***

Prior to the rating meeting, PFM will conduct a rehearsal of the rating agency presentation. The rehearsal offers three significant benefits; first, it ensures that the essential items of information are covered in a logical manner; second, it helps each individual refine his or her delivery style; and third, it enables the County to control the timing of the presentation.

### ***Credit Enhancement***

Credit enhancement has become scarce and expensive since the October 2008 market disruption. The value of premium credit ratings, ratings in the "AA" and "AAA" categories have become more valuable. Prior to the 2008 market disruption, credit spreads between "AAA" and "A" credits had compressed to around forty basis points. In early 2009 those credit spreads had soared to over one hundred forty basis points. While credit spreads have declined from that early 2009 peak level to around eighty basis points, large issuers with credit ratings less than Aa3/AA- have seen increased pricing spreads. The County has benefited from its strong credit position and maintains a credit rating in the "AA" category; as such a credit enhancement may not be necessary.





Working closely with the County's staff and bond counsel, PFM will be actively involved in the development of key disclosure materials required to effectively market the County's issues sold via competitive sale. These disclosure materials include the preliminary official statement ("POS"), the final official statement ("OS"), the official bid form and the notice of sale.

The importance of the POS cannot be overstated. It serves not only as the primary marketing and promotional tool for County and underwriter and as the vehicle for the disclosure of important financial and legal information about the County, but also as the primary source of information to rating agencies. It distributes factual data, but also relays a message about the County's management style. Therefore, summary and technical explanations must be clear and the documentation must be comprehensive and well organized. With minor modification following the sale, the POS becomes the final OS—the public document of record for the financing and the County's only official contact to most of your investors.

Once a financial plan has been adopted by the County, the financing team will be responsible for drafting, printing, adopting, and distributing all legal and disclosure documents. PFM's project team members have experience assisting issuers across the nation to prepare the necessary legal documents and other disclosure documents for the issuance of taxable and tax-exempt securities. On complex projects, this phase of the project can be extremely time-consuming. PFM will coordinate with County officials, bond counsel, and other team members the preparation, review, and finalization of all bond document preparation activities, including the preparation and review of trust indentures, official statements, loan agreements, reimbursement contracts, trust participation agreements, purchase contracts, remarketing agreements, and other contracts that may be necessary for bond issues and other debt instruments considered by the County. Other documents, such as feasibility studies, use agreements, and arbitrage certificates, are the responsibility of other parties, but their preparation will be incorporated into the document preparation work coordinated by PFM prior to the sale of securities.



## Proposed Fee

As highlighted in our proposal, PFM is committed to delivering the requested scope of services. Our goal is to work with the County. We welcome any discussion on the term of any agreement in order to meet the needs of the County.

For planning services directly related to debt issues; compensation for planning services will be included in the debt issuance fees as outlined in the table below. Such planning services would include cashflow modeling and forecasting for enterprise funds, any models developed to analyze and forecast general obligation debt or TIF debt capacity or models used to forecast property tax impact from general obligation debt issues. PFM would propose to charge separately for services provided for operations and investment consulting, such as Strategic Municipal Consulting and Investment Management services. Fees for arbitrage rebate services are indicated below, but other investment advisory services are subject to negotiation upon the County's request.

PFM proposes flat fees for the issuance of General Obligation, Certificates of Participation, Tax Increment, Revenue and Refunding Bonds. The fees apply to both competitive and negotiated sales, and are as follows:

Par Amount of Issue	Proposed Fee
Under \$10.0 Million	\$15,000
\$10.1 to \$20.0 Million	\$18,000
\$20.1 to \$30.0 Million	\$25,000
\$30.1 to \$40.0 Million	\$30,000
Over \$40.0 Million	To be negotiated
Certificates of Participation	Same as GO Bonds
Tax Increment	Same as GO Bonds
G.O. refunding	Same as GO bonds plus escrow fees
Revenue Bonds	125% of the GO Bond Fee
Multiple Issues Sold Concurrently	Smallest issue billed at 85% of base fee

The fees quoted above will be valid for the term of the financial advisory agreement with the County and any renewals thereof.



JEFFERSON COUNTY  
DEPARTMENT OF ADMINISTRATIVE SERVICES  
729 MAPLE ST / PO BOX 100  
HILLSBORO MO 63050  
WWW.JEFFCOMO.ORG

Request for Proposal: **FINANCIAL ADVISOR SERVICES 2012** Date Issued: **11-9-11**

PROPOSALS SHALL BE ACCEPTED UNTIL: TUESDAY, DECEMBER 13, 2011, AT 2:00 P.M. LOCAL TIME.

**Specification  
Contact:**

Steve Stoll  
Department of Administrative Services  
636-797-6487

**Contract  
Contact:**

VICKIE PRATT  
Department of Administrative Services  
636-797-5382

**Mail (3) Three  
Complete Copies  
With Vendor And  
Proposal  
Information As  
Shown In Sample:**

**SAMPLE ENVELOPE**

VENDOR NAME	
VENDOR ADDRESS	
CONTACT NUMBER	DEPARTMENT OF THE COUNTY CLERK
	JEFFERSON COUNTY MISSOURI
	729 MAPLE ST / PO BOX 100
	HILLSBORO MO 63050-0100
SEALED PROPOSAL: (PROPOSAL NAME)	

**Contract Term:  
1-1-12 to 12-31-12**

The undersigned certifies that he/she has the authority to bind this company in an agreement/contract to supply the commodity or service in accordance with all terms, conditions, and pricing specified. Prices are firm during this agreement term, unless agreed upon in writing by the County. The County has the option to renew this agreement at the same terms and conditions as the original agreement for one additional one-year term with the written consent of the successful bidder. Price increases for renewals are not authorized unless approved in writing by the County.

WM Financial Strategies

Joy A. Howard

**Vendor  
Information:**

Company Name	Authorized Agent (Print)	
11710 Administration Drive, Suite 7		
Address	Signature	
St. Louis, Missouri 63146		
City/State/Zip Code	Title	
314-423-2122	December 6, 2011 201364448	
Telephone #	Date	Tax ID #
Jhoward@munibondadvisor.com	314-432-2393	
E-mail	Fax #	

**EXHIBIT C**

**AFFIDAVIT OF WORK AUTHORIZATION:**

The grantee, subgrantee, contractor or subcontractor who meets the section 285.525, RSMo definition of a business entity must complete and return the following Affidavit of Work Authorization.

Comes now Joy A. Howard (Name of Business Entity Authorized Representative) as  
Principal (Position/Title) first being duly sworn on my oath, affirm  
WM Financial Strategies (Business Entity Name) is enrolled and will continue to participate in the  
E-Verify federal work authorization program with respect to employees hired after enrollment in the program  
who are proposed to work in connection with the services related to Financial Advisor Services 2012  
(Bid/Grant/Subgrant/Contract/Subcontract) for the duration of the grant, subgrant, contractor, or subcontractor,  
if awarded in accordance with subsection 2 of section 285.530, RSMo. I also affirm that  
WM Financial Strategies (Business Entity Name) does not and will not knowingly employ a person  
who is an unauthorized alien in connection with the contracted services related to  
Financial Advisor Services 2012 (Bid/Grant/Subgrant/Contract/Subcontract) for the duration of  
the grant, subgrant, contract, or subcontract, if awarded.

*In Affirmation thereof, the facts stated above are true and correct. (The undersigned understands that false statements made in this filing are subject to the penalties provided under section 575.040, RSMo.)*

Joy A Howard  
Authorized Representative's Signature

Joy A. Howard  
Printed Name

Principal  
Title

December 6, 2011  
Date

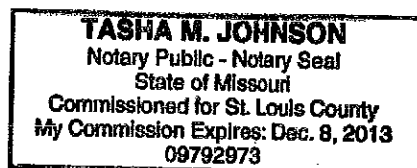
Subscribed and sworn to before me this 7th of Dec. 2011. I am  
(DAY) (MONTH, YEAR)

commissioned as a notary public within the County of St. Louis, State of  
(NAME OF COUNTY)

Missouri, and my commission expires on Dec. 8, 2013  
(NAME OF STATE) (DATE)

Tasha M Johnson  
Signature of Notary

12-7-11  
Date



# SECTION A. - ORGANIZATION

## 1. Firm Name, Address, Telephone Number and Contact Person

<u>Firm name:</u>	WM Financial Strategies
<u>Address:</u>	11710 Administration Drive Suite 7 St. Louis, Missouri 63146
<u>Telephone Number and email:</u>	314-423-2122 Email: Jhoward@munibondadvisor.com
<u>Contact:</u>	Joy A. Howard

## 2. Description

### General Description of WM Financial Strategies

*WM Financial Strategies' Only Business is Serving as a Financial Advisor*

WM Financial Strategies is an independent consulting firm providing a broad range of customized services to governmental entities. Specializing in bond and lease financing, WM Financial Strategies also offers other highly specialized services including capital planning, analysis of fees and tax structures, demographic studies, analysis of capital formation alternatives, financial management services, and secondary market disclosure.

After twelve years of experience in public finance, Joy A. Howard formed WM Financial Strategies in 1989 in order to satisfy a need by local governments to obtain independent financial advice. Since that time, the use of independent financial advisors has grown. This is in part due to concerns regarding conflicts of interest when an underwriter acts as a financial advisor. Unlike WM Financial Strategies that acts in a fiduciary capacity to issuers, an underwriter must represent the conflicting interests of the issuer (whose goal is to obtain low interest rates) and investors (whose goal is to obtain high interest rates).

At the time of formation, WM Financial Strategies was Missouri's only independent financial advisory firm. Today, WM Financial Strategies is a member of the National Association of Independent Public Finance Advisors (NAIPFA) and Joy Howard is one of only two NAIPFA Certified Independent Public Financial Advisors located in Missouri. As a member of NAIPFA, WM Financial Strategies has demonstrated its experience in advising and assisting public agencies on funding capital improvements and issuing bonds. In addition, member firms must be completely independent, ethically and actually, from bond underwriters, securities dealers, brokerage firms, and banks that buy tax-exempt bonds for resale. The demanding membership criterion requires a demonstrated record of excellence in performance.

As an independent financial advisor, WM Financial Strategies is not affiliated with any underwriting or investing institution. Unlike underwriters (banks and brokerage firms) whose primary objective is selling bonds or making loans, WM Financial Strategies is involved in all aspects of the capital formation process including planning. Whether engaged for a capital plan or a specific capital project, WM Financial Strategies provides impartial financial advice without any potential for conflicts of interest. Its sole commitment is to identify the capital needs of its clients and to implement the most feasible approach to capital formation. When bond financing is involved, the goal of WM Financial Strategies is to achieve precise, feasible financial results without any bias toward a specific financing plan or approach to capital financing. WM Financial Strategies has no inherent interest in designing a particular financing to suit particular investors, nor in the method, type or size of the financing.

The services provided by WM Financial Strategies are not the same as those provided by underwriters. Although an underwriter may from-time-to-time serve in the capacity of financial advisor, the primary business remains underwriting and sale of securities. In contrast, WM Financial Strategies' only business is service and results.

## Resources and Support

### State-of-the-Art Technologies

*WM Financial Strategies is in the Forefront of Public Finance Technology*

WM Financial Strategies maintains and develops state-of-the-art technologies to expedite and delivery of the highest quality services including:

- Computer Systems. WM Financial Strategies has several computer systems, including laptop computers for on-site analysis.
- Proprietary Software. Ms. Howard has developed proprietary software used for analyzing and structuring a variety of governmental financing projects. As the program developer and sole licensor, Ms. Howard can provide these programs to her clients on an as needed basis during the term of her engagement for on-site use and coordination of computations.
- On-Line Systems. On-line systems are used to access real-time information relating to the bond market, economic data and other matters pertinent to government finance. To monitor the general economic conditions that affect the capital markets, the supply of issues coming to market, the tax-exempt securities market, and recent municipal issue sales, WM Financial Strategies subscribes to The Bond Buyer on-line. In addition, using its extensive financial advisory experience, WM Financial Strategies knows how to access and assimilate data from the SEC Edgar database, the MSRB's EMMA database, market reports of numerous banks and investment banks, census data, economic data, Bureau of Economic Analysis, the Bureau of Census, the Bureau of Labor Statistics, and other Federal Agencies.

WM Financial Strategies also uses state-of-the-art technologies to enhance the sale of your securities as follows:

- Electronic Bidding. WM Financial Strategies is experienced with both the PARITY® and MuniAuction® bidding platforms. Electronic bidding is used to overcome the constraints of the volatility of the bond market. Traditional hand delivered bids preclude last minute bidding and result in the submission of fewer bids. With electronic bidding, bids may be submitted over the Internet on a secured site.
- On-Line Bidding Documents. WM Financial Strategies' website, [wmfinancialstrategies.com](http://wmfinancialstrategies.com) was designed exclusively to promote issues of its clients. WM Financial Strategies will create secured PDF documents (the Official Statement, Notice of Sale and Bid Form for competitive sales and the Official Statement and request for proposals in the case of negotiated sales) that will be posted on-line at [www.wmfinancialstrategies.com](http://www.wmfinancialstrategies.com). On-line documents ensure that all firms throughout the United States that have an interest in submitting bids will have rapid access to your documents.

### Other Resources

#### *Technical Reference Books and Trade Publications*

WM Financial Strategies maintains an extensive collection of reference books and trade publications including The Bond Buyer, the most prominent national trade journal on current activities in municipal finance. This daily publication covers upcoming sales, ratings, recently sold sales, innovations in public finance, proposed legislation, and other financial matters affecting government entities. Reference materials include publications of the Government Finance Officers Association, Missouri and Illinois affiliated organizations of the Government Finance Officers Association, the rating agencies, and periodicals and textbooks relating to bond financing and matters affecting the financial condition of local governments.

#### *Professional Relationships*

WM Financial Strategies maintains relationships with law firms, banks, broker dealers, and planners. Through these relationships, resources may be mobilized which make it possible to engage in transactions typical of much larger firms without sacrificing the service, relationship, or cost effectiveness typical of a small business. Furthermore, since WM Financial Strategies is not competitive with underwriters, there is full access to information from all sectors of the financial community. Full access enables WM Financial Strategies to obtain the broadest range of market information and to introduce its clients to structural innovations of many different firms.

## **Advantages of Selecting WM Financial Strategies**

**Competition!** WM Financial Strategies brings competition and competency to both competitive and negotiated sales. Local governments use competition to procure small items. It is only logical that competition should also be used for reducing the cost of a securities issue particularly when the transaction involves a refunding designed to achieve maximum savings.

**Objectivity and Independence.** WM Financial Strategies works solely in the interest of the client. The company is not affiliated with the purchasers of debt in any underwriting, legal or financial capacity. Accordingly, WM Financial Strategies is able to guarantee objectivity and independence of its findings and recommendations.

**Service.** WM Financial Strategies is committed to providing superior service on a cost-effective basis. Since its entire business involves the sale of service, WM Financial Strategies cannot afford the luxury of providing acceptable services; it must rely on excellence.

**Creative Yet Practical Solutions.** When appropriate, WM Financial Strategies will explore the use of creative financing alternatives. WM Financial Strategies is not bound by any corporate tradition resulting in cookie-cutter structures frequently employed by large firms. At the same time, the company seeks practical solutions, which may include the most traditional forms of financing. In all cases, the financing vehicle recommended will be consistent with the desires of the client.

**Professional.** Joy A. Howard will be involved in all aspects of the transaction, from meetings to the actual structuring of the transaction. Public officials should have confidence in the integrity and knowledge of the individuals that advise them.

**National Association of Independent Public Finance Advisors.** WM Financial Strategies is a member of the National Association of Independent Public Finance Advisors. The firm has met the associations' demanding membership criterion based on its experience and complete independence, ethically and actually, from bond underwriters, securities dealers, brokerage firms, and banks that buy tax-exempt bonds for resale.

**Experience.** Ms. Howard's expertise is in serving as financial advisor on transactions just like yours. While Ms. Howard serves as financial advisor to local governments in several states, within Missouri alone her clients have included, among others, Affton Fire Protection District, Boles Fire Protection District, Bonne Terre, Bolivar, Boonville, Bridgeton, Callaway 2 Water District, Cole County, Crestwood, Crystal City, Dardenne Prairie, Ellisville, Eureka, Farmington, Ferguson, Festus, Hannibal, Kirkwood, Kirkwood Park Board, Lindbergh School District, Manchester, Maplewood, Maryland Heights, Maryland Heights Fire Protection District, Mehlville Fire Protection District, Meramec Ambulance District, O'Fallon Fire Protection District, Olivette, Orchard Farm School District, Osage Beach, Pacific Fire Protection District, Raymore, Rock Township Ambulance District, Sedalia, Shrewsbury, St. Ann, St. Charles, St. Charles Ambulance District, St. Charles County Community College, St. James, St. Louis Art Museum, St. Peters, Ste. Genevieve County School District, Sullivan Fire Protection District, University City, Warrenton,



Webster Groves, Wentzville, Wentzville Fire Protection District, West Plains, Wildwood, and Woodson Terrace.

*Jefferson County Experience.* Ms. Howard successfully served as the County's financial advisor for two lease financings completed in November 2001 and June 2010. Among Ms. Howard's achievements for these financings were the following:

- Obtained MBIA insurance at a very low cost for both issues.
- Negotiated favorable rates on the Series 2001A lease with the underwriter.
- Obtained 7 Bids for the Series 2001B lease at rates approximately 10 basis points lower than prevailing national averages at the time.
- Structured the Series 2001B lease (a refunding transaction) in a fashion resulting in approximately \$216,221 of savings for the County.
- Obtained 6 Bids for the Series 2010 refunding Certificates.
- Obtained \$274,446 of savings which equated to 6.916% present value savings.

*Long-Term Relationships.* WM Financial Strategies is committed to establishing long-term relationships with its clients that extend beyond a specific financing. Through its long-term relationships WM Financial Strategies is able to provide services, which enhance the capital formation, accumulation, and implementation process.

## SECTION D. – SCOPE OF SERVICES

Clients of WM Financial Strategies enjoy the benefits of the firm's independent and in-depth approach to service delivery. While the primary business of investment banks is the sale of securities, the only role of WM Financial Strategies is the sale of services. Accordingly, WM Financial Strategies' expertise is providing governmental entities the highest quality advisory services.

This section describes the services provided by WM Financial Strategies and the approach to providing these services. The scope of services encompasses all of the services set forth in the County's "Scope of Services" as well as additional services designed to improve the financing results. The services below focus on the refunding of the Series 2007 Certificates. The services will be similar for the refunding of the Series 2004 NIDs; however, the services will of course be tailored as appropriate for the NID Bonds.

### **1. Describe your firm's steps in developing a financial plan and the duties your firm will perform as financial advisor.**

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- a. *Advise the County on bond market conditions and timing of the sale of the refunding lease obligations.*
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WM Financial Strategies monitors the market in three principal ways: (i) The Bond Buyer publication, (ii) full-market access, a technique available only to independent financial advisors, and (iii) on-line sources. These methods are described in greater detail below.

The Bond Buyer. To monitor the tax-exempt securities market, WM Financial Strategies subscribes to The Bond Buyer publication and The Bond Buyer Online. The Bond Buyer is the most prominent national trade journal covering municipal bonds and includes information relating to the following:

- General economic conditions that may affect the capital markets.
- The general condition of capital markets.
- The supply of issues coming to market.
- Details of specific issues coming to market.
- Bond sale results.

Full Market Access. As an independent financial advisor, full market access is available. WM Financial Strategies does not compete with underwriters or banks. Consequently, information relating to recent sales, market conditions and current interest rates can be accessed from numerous traders and underwriters. Furthermore, unlike an investment bank or bank that must rely on its own trading department and syndicate members, an independent financial advisor has access to information from many firms.

On-Line Systems. WM Financial Strategies subscribes to The Bond Buyer Online which provides daily bond sale results as well as current market bulletins. In addition, using its extensive financial advisory experience, WM Financial Strategies knows how to access and assimilate data from the SEC Edgar database, the MSRB's EMMA database, MuniAuction, the Federal Reserve, market reports of numerous banks and investment banks, census data, economic data and other databases. WM Financial Strategies monitors market trends by using a variety data from these on-line sources and, in particular, makes daily comparisons of the Municipal Market Data yield curves to the Standard & Poor's composite yield curves. In addition, WM Financial Strategies makes daily comparisons of the rates and yields on municipal issues sold, including every publicly sold Missouri municipal transaction. Comparisons are made as to how transactions were priced depending on who served as the underwriter and how the yields on these transactions compared to the national yield curves. Consequently, WM Financial Strategies has continuous knowledge of how its clients' sales should compare to those in both the local and national markets.

In addition, WM Financial Strategies continuously graphs yields to determine historical trends, credit spreads, and spreads to treasuries. Some of these graphs are posted on WM Financial Strategies' website weekly at:

<http://www.munibondadvisor.com/market.htm>

In selecting a financial advisor, keep in mind that the information available to a financial advisor is valuable only if the advisor has the knowledge and ability to know how to effectively use it. The financing models WM Financial Strategies has developed for clients prior to a bond or lease sale consistently reflect yields that are within the range of the high and low bid actually obtained at the time of sale. This data will be made available the County upon request.

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- b. *Coordinate and assist all parties involved in the financing to ensure events are completed on a timely basis.*
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WM Financial Strategies will prepare a schedule of events and assign specific dates to the timetable. In addition, WM Financial Strategies monitors progress in completing the steps set forth in the schedule and coordinates the work of the parties to the transaction to insure that each step is completed in a timely manner.

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- c. *Advise the County with respect to the term of amortization, call provisions, and other factors which are relevant to marketing the lease obligations.*
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Upon engagement, WM Financial Strategies will develop and refine a financing plan. As a first step, a meeting will be held with County representatives to discuss financing goals and priorities. Thereafter, a financing plan will be presented to the County that will identify financing structure alternatives, keeping in mind the structure will impact both the timing and amount of saving the County will receive.

In addition to developing, the maturity schedule, WM Financial Strategies will also develop financing terms relating to the following:

*Collateral.* A major factor affecting the rating and marketability of lease obligations is the type and amount of collateral pledged as security for the obligations. WM Financial Strategies has determined that their may be sufficient collateral to either include provisions to leverage the collateral for future financings or reduce the collateral pledged to this transaction.

*Bank Qualified Securites.* Under the Internal Revenue Code, banks receive special tax treatment for securities of issuers issuing no more than \$10,000,000 of tax-exempt securities in any calendar year ("bank qualified bonds"). Issues that are bank qualified generally carry an interest rate  $\frac{1}{4}\%$  lower than other issues. While the Certificate issue will be too large to designate as tax exempt securities, WM Financial Strategies will assist the County in taking advantage of a special exemption that can be applied to the refunding of the Series 2004 NID Bonds.

*Redemption Provision.* A redemption provision should be included in the lease documents to provide the County future flexibility to refund its debt for savings, voluntarily reduce outstanding debt or reorganize debt. There are numerous options available for structuring a redemption provision relating to both redemption price and the allowable redemption dates. WM Financial Strategies will carefully analyze redemption alternatives taking into consideration the needs of the County and any adverse effect the provision may have on interest cost.

*Other Terms.* WM Financial Strategies will assist in the development of other financial and investment provisions for inclusion in the lease documents. These terms include, among others, establishment of lease funds and accounts, issue dates, payment dates, lease pricing, contractual obligations for continuing disclosure, procedures for investment of funds, and reserve account amounts and funds.

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d. *Prepare debt service schedules and other related number runs.*

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To analyze different debt patterns, WM Financial Strategies will prepare maturity schedules and other schedules showing mathematical results such as the impact the issue has on County's overall debt structure and taxation. These schedules will be prepared using the computer systems and proprietary software maintained by WM Financial Strategies. As a developer of software, marketed under the trademark "WMMuni," WM Financial Strategies has become nationally recognized for its analytical and bond structuring abilities. Throughout the financing process, mathematical computations with respect to the debt service on the bonds, combined debt requirements, the source and disbursement of funds, yield analysis and savings computations will be made. Prior to the bond sale, the schedules will be updated to reflect changes in market conditions.

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- e. *Assist in the analysis of all bids received for the financing.*
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For most municipal security issues, a competitive sale is the preferred method of sale. However, for certain complex issues, it is sometimes preferable to use a negotiated sale approach. A negotiated sale may be with an investment bank which resells the securities to the public or a bank purchasing the securities for its own portfolio in a private placement. Accordingly, after making a full analysis of the specific factors affecting this transaction and, in particular, the type of financing obligations to be utilized, WM Financial Strategies shall recommend the method of sale most suitable.

At the time of a competitive sale, WM Financial Strategies tabulates and compares bids and recommends acceptance of the best bid or rejection of bids. WM Financial Strategies maintains proprietary software for analyzing bids on the basis of either net interest cost or true interest cost and uses this software and its laptop computer in making an onsite analysis of the bids received. Promptly following the sale, WM Financial Strategies advises the underwriter selected of the award and notifies The Bond Buyer regarding the sale results.

For negotiated sales, WM Financial Strategies makes a detailed analysis of the proposals submitted, prepares a spread sheet summary of the proposals for her clients and recommends the firm to serve as the underwriter.

For additional information regarding the two methods of sale see 2. below.

## **2. Describe your role as financial advisor in a negotiated versus competitive sale of lease obligations.**

### **Competitive Sales**

**For most municipal securities issues, a competitive sale is the preferred method of sale.** Many studies have been completed that conclusively indicate the following:

- A competitive sale increases competition and reduces underwriting fees.
- A competitive sale increases competition and reduces interest cost.
- A competitive provides the highest level of governmental transparency.
- A financial advisor helps to enhance competition and brings competency to either a competitive or negotiated sale.

In a competitive sale, the role of WM Financial Strategies is to maximize the number of bids received by (i) making sure broker-dealers throughout the country are aware of the sale and (ii) by offering both traditional and modern electronic methods for submission of bids. By making documents available electronically at [www.wmfinancialstrategies.com](http://www.wmfinancialstrategies.com) and by offering Parity® services, bidders are able to review the documents and arrange submission of a bid in as little as one hour prior to the sale. WM Financial Strategies' aggressive marketing arrangements have enabled its clients to receive as many as seventeen bids.

For the County's general obligation bonds, WM Financial Strategies will use the following marketing approach:

*Bond Buyer Coverage.* WM Financial Strategies will arrange for the publication of the Notice of Sale or Summary Notice of Sale in the Bond Buyer.

*Contacting Bidders.* Prior to the sale, WM Financial Strategies will contact broker-dealers who normally bid on Missouri issues. WM Financial Strategies will ensure they have obtained the bidding documents, are aware of the sale and sale date, that any questions they have regarding the structure of the issue or credit of the County are answered and will present information to stimulate their interest in bidding on the Bonds.

*On-Line Bidding Documents.* The Notice of Sale and Official Statement will be converted to a secure PDF format and placed on-line at WMFinancialStrategies.com.

WM Financial Strategies' website, WMFinancialStrategies.com was designed exclusively to promote its clients' bond issues. Once on-line, broker-dealers may access the documents electronically.

In addition, WM Financial Strategies will make arrangements to have an official statement link placed on the Bond Buyer's website (a free service for issuer's that have a Notice of Sale published in the daily Bond Buyer publication).

*Distribution of Bidding Documents.* WM Financial Strategies maintains a comprehensive database of municipal broker-dealers and dealer-banks. WM Financial Strategies also maintains a list of broker-dealers and dealer-banks which normally bid on Missouri issues (the "Missouri Listing"). **WM Financial Strategies' Missouri Listing includes more than 150 firms that have interest in bidding on issues just like the bond issue being proposed for the County.** Using these listings, WM Financial Strategies shall arrange for the distribution of the documents to all broker-dealers and dealer-banks in the State of Missouri and to all firms on its Missouri Listing.

WM Financial Strategies recently conducted a written survey and found that most broker-dealers prefer to access documents by way of a website link rather than receiving paper documents. As a result, WM Financial Strategies will email its website link to each of the firms requesting links rather than documents to make sure the Districts' issue obtains the greatest level of exposure possible while eliminating unnecessary printing expenditures.

When distributing bidding documents, WM Financial Strategies will use extreme care to assure that the timing requirements for Official Statement distribution pursuant to the Municipal Securities Rulemaking Board and Securities and Exchange Commission's rule 15c2-12 are met.

*Electronic Bids.* Electronic bidding is available to overcome the constraints of the volatility of the bond market. Underwriters prefer to submit their bids at the latest possible time to assure that the rates will be competitive with other bidders. Traditional hand delivered bids preclude last minute bidding and result in the submission of fewer bids. With electronic bidding, bids may be submitted over the Internet on a secured site using the PARITY® system. Electronic bidding often results in additional bids by making last minute bidding possible and by simplifying the bidding process for reluctant bidders.

*Faxed and Tendered Bids.* Not all firms prefer electronic bidding. Concerns remain regarding the possibility of electronic failure (which has in fact occurred) and some firms see no value added in paying the charge assessed by PARITY® (WM Financial Strategies is also experienced in the use of the MuniAuction bidding platform). Accordingly, more traditional methods of bidding (by fax or hand carried bids) will also be permitted.

## **Negotiated Sales**

Although a competitive sale is the preferred method, for certain complex issues, a negotiated sale is the preferred method. For issues to be sold through negotiation, WM Financial Strategies has developed a method to bring competition to the negotiated sale and to insure that underwriters compete for an issue based on uniform financing terms.

In a negotiated sale, the most critical role of WM Financial Strategies is to lend competency to the negotiation process. The first step in this process is to establish the terms of the financing in the best interest of the client. The second step is to select a firm willing to underwrite the securities with these terms. Once the terms of a financing have been established, an underwriter can be selected based on sales capabilities, rates and price.

**WM Financial Strategies works to assure that promises made are promises kept.** At the time an underwriter is selected, WM Financial Strategies will recommend a second firm with whom to negotiate in the event the first firm does not perform as expected. This conveys a strong message to the underwriter; the client is positioned to discontinue negotiations without significantly affecting the timing of the sale.

WM Financial Strategies seeks to prevent "low ball" and "baited" interest rate proposals. Towards that goal, Ms. Howard has developed methods that require underwriters to quantify interest rate changes from the date proposals are made to the date the underwriting contract is executed. In 1989, Ms. Howard prepared the first underwriting request for proposals in Missouri, requesting underwriters to set forth a method by which they would index rates to market changes. At that time one firm agreed to index rates. Since 1993, WM Financial Strategies has been successful in obtaining three or more proposals, for each financing, from firms agreeing to index rates.

Finally, WM Financial Strategies negotiates the final terms and rates to assure that the clients' interests are preserved. Throughout the financing process, WM Financial Strategies closely monitors the terms and rates for consistency with the underwriting proposal.

In addition to improving financing terms and cost, the services provided and the communication procedures established remove the public official from the pressures and influence of dealing directly with investment bankers.

## 4. Other Services

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### *Document Preparation*

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WM Financial Strategies will work with the County and Special Tax Counsel in the development of the lease, indenture and other authorizing documents. WM Financial Strategies primary role in this matter is to insure that the financing terms desired for the transaction are accurately stated in the authorizing documents.

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### *Official Statement Preparation*

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WM Financial Strategies will prepare the Preliminary and Final Official Statement (collectively the "Official Statement") to be used in conjunction with the sale of the securities (except for descriptions of the legal documents which will be the responsibility of special tax counsel). Under the general antifraud provisions of the federal securities law, issuers of debt are required to disclose all material facts relating to an offering of securities. In order to assist clients in fulfilling their disclosure obligations, WM Financial Strategies prepares the official statement in a form consistent with the Government Finance Officers Association's Disclosure Guidelines. Most firms prepare an outline of an official statement for completion by the issuer or require the issuer to engage bond counsel for this service (thereby raising the cost of the financing). In contrast, in preparing the Official Statement, WM Financial Strategies collects, researches, develops and compiles data for use in the official statement as well as drafting the document. Issuers that select WM Financial Strategies enjoy the in-depth approach to service delivery that removes the time consuming task of research and data collection from the issuers' staff while eliminating added legal expenses. Furthermore, the in depth disclosure process used by WM Financial Strategies reduces rating agency questions and enhances the professional credibility of the client. Representatives of the rating agencies frequently praise the quality of official statements prepared by WM Financial Strategies.

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### *Trustee and Printer Selection*

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WM Financial Strategies will assist the County in selecting an official statement printer and a bank or trust company to serve as the trustee. WM Financial Strategies will prepare a list of qualified firms, prepare and distribute a request for proposals on behalf of the County, analyze the proposals received, and make recommendations with respect to the engagement of the printer and trustee. For recent sales WM Financial Strategies saved its clients several thousand dollars by employing a competitive approach to selection of the trustee.



For competitive securities sales, WM Financial Strategies prepares the bid form, notice of sale and summary notice of sale. The summary notice of sale contains the most important features regarding the sale but is significantly shorter than an official notice of sale. The summary notice is published in the "Bond Buyer" in lieu of the full notice, resulting in savings of approximately \$2,000.

In preparing the notice of sale, the responsibility of WM Financial Strategies is to assure that the notice of sale excludes terms which are unnecessary, would reduce bidding flexibility, or would produce "penalty yields" (higher rates than prevailing in the market). Some of the terms for the Notice of Sale are set forth herein.

*Sale Price.* The price at which the County is willing to sell the securities will affect marketability. In a competitive sale, underwriters receive their compensation by buying the securities and reoffering them at a higher price. The difference between the purchase and reoffering price is referred to as the underwriter's spread. The underwriter's spread may be obtained by buying the securities at a discount and reoffering them at par or by buying the securities at par and reoffering them at premiums. The underwriter establishes a bid so as to obtain a predetermined gross profit which is passed on to the issuer either in the form of increased rates, if the securities are sold at par, or through a reduction of capital, if the securities are sold at a discount.

The sale price should reflect investors' purchasing preferences. Individual investors prefer to pay only the face value for bonds. Institutional investors buy discount, par and premium priced securities. While banks buy both premium and discount priced bonds, they prefer maturities shorter than ten years.

WM Financial Strategies shall advise on the use of a discount, par, or premium pricing strategy for the securities. Schedules will be prepared and submitted to the County showing the impact of the various pricing strategies on the debt service schedule. The pricing strategy will be reflected through the incorporation of a minimum sale price in the Notice of Sale.

*Rate Limitations.* In assigning rates to each maturity, the bidder, not the County, controls to a large degree the pattern of annual debt payments. Rate limitations are intended to help control the pattern of debt service payments. At the same time, too many limitations restrict the buyer from establishing rates and prices consistent with current market conditions and the demands of the underwriter's clients. WM Financial Strategies shall make recommendations on rate limitations designed to maintain the debt structure selected by the County while maintaining flexibility for prospective bidders. The limitations WM Financial Strategies shall advise upon will include (i) a maximum rate, (ii) spread between highest and lowest rate, and (iii) fractional rate limitations.

*Award of Securities.* Like a home loan that has both points and an interest rate, the cost of the securities is affected by the discount (that is like points) and interest rates. True Interest Cost (TIC) is a combined measure of the two. TIC acts with impartiality between securities bid at par, at a premium, or a full-issue discount by measuring cost based on present value dollars. WM Financial Strategies maintains the software systems necessary to analyze TIC and will analyze each bid and advise the County of the winning TIC bid.

Other Terms. Other terms which WM Financial Strategies shall advise on include (i) the time and place of bid opening, (ii) amount required for the good faith deposit, (iii) provisions for delivery of the securities, (iv) contractual obligations for continuing disclosure, (v) provisions for CUSIP numbers, and (vi) arrangements for delivery of the final official statement.

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#### *Acquisition of Escrow Securities*

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The Series 2007 Certificates are callable on March 1, 2013. Accordingly an escrow account will be established to provide for the payment of the Series 2007 Certificates up to and including that date. WM Financial Strategies shall determine the type of securities to be acquired and deposited in the escrow account. For refunding transactions, the securities generally consist of State and Local Government Securities which are acquired directly from the United States Treasury and were designed for tax-exempt issuers. WM Financial Strategies is an authorized agent for ordering the securities through SLG Safe, the Bureau of Public debt's required internet system.

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#### *CPA Verification Selection*

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Advance refunding transactions require the engagement of a Certified Public Account to verify the mathematical accuracy of the refunding computations. WM Financial Strategies shall prepare a request for proposals and in selecting the lowest best bidder for these services.

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#### *Work with Securities Related Agencies*

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Several agencies which are not involved in structuring the issue will have an interest in the issue. WM Financial Strategies will work with such agencies in providing information and answering questions relating to the issue. The following is a list of such agencies.

CUSIP Service Bureau. The widespread use of computers and automated processing techniques led to the creation of the Committee on Uniform Security Identification Procedures (CUSIP), which developed a system of numerical identification for securities. The CUSIP numbering system provides an effective and efficient means of identifying securities in sales transactions and record keeping. Although the availability of CUSIP numbers has long been recognized by underwriters as an effective method for managing sale transactions, in recent years federal tax rules have been modified to require the use of CUSIP numbers on all long-term tax-exempt securities. WM Financial Strategies shall arrange for the acquisition of the CUSIP numbers and provide appropriate documents to the Bureau.

The Depository Trust Company. The Depository Trust Company (the "DTC") is a clearing house for securities. If an underwriter voluntarily elects to use the services of the DTC, for a fee DTC will handle much of the administrative work on behalf of the underwriter. The use of DTC is fully voluntary to the underwriter.

Source Media and Bloomberg. WM Financial Strategies provides information relating to your issue to leading providers of information and data for professionals in the banking, financial services and related technology markets including *Source Media* and *Bloomberg*.

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#### *Technical Closing Services*

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WM Financial Strategies provides many technical services required to effectuate the securities closing. These services include, among others, the transfer of funds at the time of the securities closing, coordinating the delivery of securities and obtaining CUSIP identification numbers.

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#### *Sale Report*

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Following the sale WM Financial Strategies shall provide the County with a sale report which will contain information relating to market conditions prior to and following the sale and information regarding the sale of other comparable tax-exempt securities. The report will also include complete mathematical computations including the final debt service schedule, savings reports, debt service on all of the counties outstanding lease obligations, combined debt service requirements, yield computations and the source and disbursement of funds for the transaction.

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#### *Post Sale Services*

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While many banks and investment banks have a "deal" oriented mentality, WM Financial Strategies business is based on continuing relationships. Towards that goal, WM Financial Strategies will be available on a continuing basis to answer questions the County has relating to the Certificates of Participation or NID Bonds. In addition, WM Financial Strategies continually monitors the tax-exempt securities market and will advise the County situations that may be of interest or impact upon the County (such as changes in continuing disclosure laws or refunding opportunities). To the extent WM Financial Strategies is aware of any federal or state tax regulation which would affect the County, WM Financial Strategies would promptly advise the County of the same.

## SECTION E. - COMPENSATION

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1. *Describe the firm's fee schedule and expected out-of-pocket expenses for the work proposed and for various financing alternatives.*
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Completion of a refunding of the Series 2007 Certificates and the 2004 NID Bonds will be contingent on interest rates remaining low and resulting in a favorable level of savings. Generally, WM Financial Strategies recommends a minimum present value savings equal to 3% of the principal amount of the securities that are refunded. Accordingly, fees will be payable at the time of and contingent upon the closing of the sale of the Certificates of Participation and/or Neighborhood Improvement District bonds.

The fees will be as follows:

Assuming WM Financial is engaged for both transactions, WM Financial Strategies will charge a fee equal to \$13,000 for the Certificates of Participation and \$7,000 for the Neighborhood Improvement District Bonds. All normal out-of-pocket expenses such as reproductions, postage and courier are included in this fee.

Also included in the above fees is the preparation of the official statement. In addition to enhancing WM Financial Strategies' ability to effectively market your securities, this service will provide the County significant savings in legal fees. For example, for Jefferson County's 2007 Certificate of Participation issue the **County paid more than \$40,000 to disclosure counsel for official statement preparation.**

For the past two years, WM Financial Strategies has served as the County's financial advisor in connection with the County's continuing disclosure documents required for each of the County's outstanding lease obligations (other than the Series 2007 Certificates of Participation which were privately placed). As part of this engagement, WM Financial Strategies will prepare the County's disclosure document for its 2011 Fiscal Year **without compensation** provided that if a refunding issue is not completed in 2012, WM Financial Strategies will charge a fee of \$1,000 to be paid on December 31, 2012.

Regular ongoing consultation relating to outstanding issues or credit rating will be without compensation.

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2. *Explain the fees and how they may differ in the case of a negotiated versus competitive sale of lease obligations.*
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There will be no difference in the fees for a competitive or negotiated sale of the Certificates of Participation or NID Bonds.