



Diversity, Equity, Inclusion & Belonging (“DEIB”) at PFM and Public Finance Considerations

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Thank you for joining us!

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Today's Agenda

- ◆ **Our Why: PFM's Diversity, Equity, Inclusion & Belonging Overview**
 - Who we are
 - Mission, Vision and Strategic Pillars
 - Defining DEIB at PFM

- ◆ **Our How: PFM's DEIB Programs and Initiatives**
 - Employee Engagement
 - DEIB Leadership

- ◆ **Our Impact: PFM's DEIB Related Services**
 - Center for Budget Equity & Innovation
 - Environmental, Social & Governance (“ESG”)
 - MWBE Market Presence and Best Practices



Our Why: PFM's Diversity, Equity, Inclusion & Belonging Overview



Poll Question #1



Poll Question #1

Which of the following areas of impact are currently the highest priority for your organization's DEIB efforts?

- ◆ Recruitment and Hiring
- ◆ Retention and Promotion
- ◆ Learning and Development
- ◆ Employee Engagement



PFM's DEIB Vision and Mission

Our diversity, equity, inclusion and belonging (DEIB) vision is to have a workplace where every individual thrives, empowered by their unique perspectives. In so doing, we help our clients advance the public good in the communities they serve. We are at our best when we harness each team member's skills, experiences, and talents.

We cultivate our workplace environment through the design and implementation of programs, policies, and practices aligned with our three DEIB strategic pillars: 1) Talent Acquisition, Development and Retention, 2) Firm Culture & Business Alignment and 3) External Relationships.

Progress is monitored through the firm's DEIB key performance indicators KPI's and shared in the annual DEIB report.





Who We Are

PFM's Board of Directors represents a diversity of industry and leadership experience reflecting, guiding and enhancing the firm's commitment to working in the public interest, commitment to integrity, and a focus on the importance of diversity, equity, inclusion and belonging:

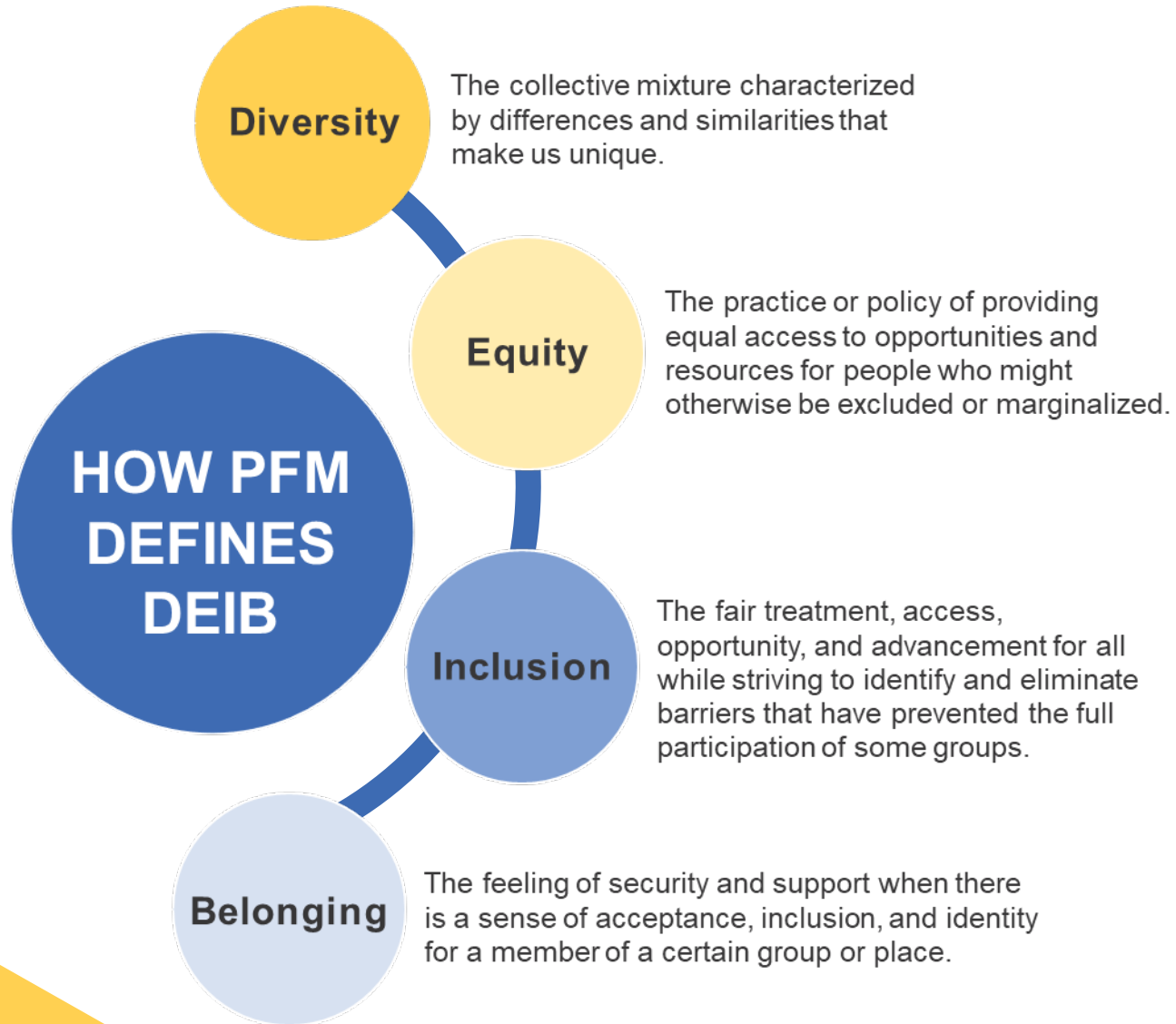
◆ Independent Members:

- Lynn Evans is the founder and owner of V. Lynn Evans, CPA. She is the first woman and African American to chair the Tennessee Valley Authority board of directors.
- Senator Art Torres served in the California Legislature for twenty years. He is an Emeritus Vice Chair of the California Institute of Regenerative Medicine, and the University of California Board of Regents.

◆ Internal Members: Dan Hartman (CEO), Jessica Cameron Mitchell, Sergio Masvidal (Board Chair), Bethany Pugh, and Brent Wilder



How PFM Defines DEIB





The Importance of Diversity, Equity, Inclusion and Belonging in the Workplace

- ◆ DEIB promotes innovation and creativity by bringing diverse perspectives to the table
- ◆ Inclusive workplaces lead to higher employee engagement, retention and productivity
- ◆ DEIB initiatives can help organizations better understand and serve diverse customer bases
- ◆ Promoting DEIB is the right thing to do from an ethical and moral standpoint, aligning with our values
- ◆ Essential for retaining and recruiting employees, empowering them to contribute their unique perspectives, preventing turnover fatigue and attracting top talent



Our How: PFM's DEIB Programs and Initiatives



Poll Question #2



Poll Question #2

What do you think is the primary goal for engaging employees on DEIB-related issues within your organization?

- ◆ Increasing awareness and understanding
- ◆ Fostering a more inclusive workplace
- ◆ Encouraging diverse perspectives and innovation
- ◆ Strengthening employee engagement and satisfaction
- ◆ Enhancing the organization's reputation and brand



DEIB at PFM

Our Commitment

In 2016, PFM initiated our comprehensive diversity and inclusion strategy, which has evolved to acknowledge equity and belonging. We demonstrate our commitment through dedicated resources, Significant Interest Groups, annual transparency reporting, ongoing learning and professional development, and a formal supplier diversity program and policy.

Dedicated Resources

PFM's Chief Administrative Officer (CAO) is supported by a dedicated DEIB Leader who oversees the execution of DEIB strategic initiatives and programs. PFM also works with Hinton & Company, which provides the firm with chief diversity officer services.

Firmwide Committee

Leading the charge for diversity, equity, inclusion and belonging initiatives is PFM's DEIB Committee, composed of key firm leaders and a diverse range of staff from various PFM practices nationwide. The committee's primary responsibility is to identify, elevate, and propose solutions to enhance diversity recruitment, talent development, retention, work environment, and external diversity partnerships.

Diversity Collaborative

The firm's supplier diversity program emphasizes our commitment by developing and expanding our relationships with diverse businesses owned by underrepresented communities, LGBTQ+, women, persons with disabilities, veterans, and others.

Significant Interest Groups (SIGs)

The firm established Significant Interest Groups (SIGs) in 2019, which comprise six employee resource groups that empower and support our diverse workforce.



DEIB Centers

PFM is unique in our ability to connect our internal DEIB values with the services we provide to our clients. PFM's Management and Budget Consulting Practice houses two specialized centers that connect equity, justice, policy and finance for our clients and provide additional value for other PFM services.

Center for Budget Equity & Innovation (CBEI)

- ◆ Stands at the intersection of equity, policy, operations and finance – engaging communities across the country to stand at the forefront of innovation to ensure inclusivity and fairness in government policy, budget and administration.
- ◆ CBEI has supported clients on a range of equity engagements and contributed to equity technical assistance programs nationally since 2021.

Center for Justice & Safety Finance (CJSF)

- ◆ Approach underscores how public safety and criminal justice systems impact local government budgets and how these essential systems affect people, families, and communities daily.
- ◆ Leverages PFM's fiscal expertise to provide policy, operations, and budget support that also advances goals for safety, justice, and fairness.
- ◆ CJSF has considerable experience helping criminal justice and public safety systems drive reforms, improve outcomes, and reduce costs.

Significant Interest Groups (SIGs)

Since 2016, PFM has been intentional about our Diversity, Equity, Inclusion, and Belonging (DEIB) strategy. We have six employee Significant Interest Groups (SIGs): Avante, Caregivers, Harambee, Young Professionals, Pride, and Women's Network. These groups provide safe spaces for community members and allies, essential to supporting and enhancing our DEIB efforts and the overall firm culture.



What SIGs do:

Provide	Provide opportunity for interactions across titles, regions and practices
Create	Create internal support systems for maintaining and enhancing firm connectivity and relationships
Serve	Serve as a rare firmwide leadership opportunity for employees below the Managing Director level
Offer	Offer their members a broader perspective of challenges and opportunities across the firm that will serve them well as they continue their career development
Establish	Establish relationships by building bonds and professional networks that contribute to diversity of thought and foster opportunities for innovation across the firm.



DEIB Task Force



Strategic Recruiting

Partners with HR on efforts to recruit to PFM
Works with HR at recruitment events and interview panels
Revise Strategic Recruiting Program: interviewer training; prescreening, etc.



Firm Culture & Business Alignment

Socialize refined values with broad group of internal stakeholders
Promote refined values in various firm forums and processes
Annual internal DEIB Report



Leadership and Development

Develop training opportunities across all levels of firm
Manager Training initiatives
Compensation transparency initiatives



External Relationships

Diverse supplier and strategic business partner database
Continue to vet potential partners and suppliers

MANY HANDS MAKE LIGHT WORK



Diversity



Inclusion



Belonging

IMPACTFUL DEIB STRATEGIES

- **Firmwide Engagement:** DEIB initiatives span all levels of the firm, fostering inclusion and shared learning.
- **Peer Mentorship:** SIGs facilitate peer mentorship, creating support networks.
- **2024 Virtual Summit Series: *Building Blocks of DEIB***
 - **Foundational DEIB Understanding:** Preparing employees with core DEIB concepts.
 - **Key Sessions:** *The Power of Inclusivity, Diversity, Equity, Inclusion, & Belonging, Listening as an Equity Practice.*



Poll Question #3



Poll Question #3

Do you know if your organizations or businesses have diversity supplier policies and/or goals?

- ◆ Yes, I am aware of the diversity supplier policies and goals.
- ◆ No, I am not aware of the diversity supplier policies or goals.
- ◆ I'm not sure.

PFM's Diverse Suppliers and Subcontractor Policy

The PFM diversity collaborative policy states that diverse suppliers will have a strong and equal opportunity to be included in our procurement process.

◆ PFM will:

- Actively seek out certified diverse suppliers that can provide competitive, high-quality goods and services.
- Communicate the value of supplier diversity both internally and externally.
- Achieve meaningful participation by diverse firms in partnering with us to deliver our services.
- Encourage the growth and success of the diverse suppliers who work with us and support the networks that promote diverse suppliers generally.



Our Impact: PFM's DEIB Related Services + Partnerships



PFM Center for Budget Equity & Innovation



PFM Center for Budget Equity & Innovation

PFM's Center for Budget Equity & Innovation stands at the intersection of equity, policy, operations and finance – engaging communities across the country to stand at the forefront of innovation to ensure inclusivity and fairness in government policy, budget and administration

*For more information on CBEI please see:
<https://pfm.com/what-we-do/consulting>*



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PFM Center for Budget Equity and Innovation



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Center for Budget Equity & Innovation (CBEI)

- ◆ The Center for Budget Equity & Innovation is committed to seeing all residents represented in government policy, budget and decision-making.
- ◆ Local governments in particular carry an enormous burden and opportunity to impact the lives of residents and stakeholders. Without a clear perspective on equity, elected officials and administrators may overlook disparities and miss opportunities to apply resources effectively.
- ◆ Through our analytical, financial and critical thinking approach to equity, the Center takes a comprehensive approach. For each project we consider the specific concerns of our public sector clients.
- ◆ Our goal is for our equity work to support our clients as they address institutional and structural barriers, evaluate burdens, benefits, and outcomes, and create solutions that promote fairness and belonging in their communities.

Center for Budget Equity & Innovation Service Areas

Equitable Budgeting Practices	Approaches to Equitable Recovery
Equity-Based Financial Planning	Integrating Equity in Government Operations & Policy
Community Engagement	Evaluation of Equity Needs and Opportunities
Equitable Investment Strategies	Equity Impact Analysis



Key CBEI Equity Projects

- **Public Finance Initiative (PFI)** is a multi-year Robert Wood Johnson funded project that aims to center equity in municipal bond-funded investments and to measure how social determinants of equity change over time
- **Technical Assistance provider to 11 cities nationwide for the City Budgeting for Equity and Recovery (CBER)** initiative of the Bloomberg Philanthropies What Works Cities.
- **Investing in Danville Plan** was a community-driven plan for Danville, VA to identify equitable uses of new casino revenue.
- **VDOT I-81** equity considerations for TIFIA loan application.
- **Pilot Citywide Equity Framework** and support expansion of DEI office in Norfolk, VA.
- **Developing resource allocation process** in accordance with the Port of Portland's Shared Prosperity [equity] outcomes.
- **San Antonio, TX “Future Ready Plan”** dedicated to improving racial and ethnic equity in both education and employment outcomes for youth, two linked domains that are vital to both recovery and mobility.
- **National Federation of Municipal Analysts (NMFA)** industry survey to better understand the DEI landscape and trends affecting municipal finance to inform future efforts to advance DEI in the field.
- **Pew Charitable Trusts** to study emerging equity budgeting practices, focused on state governments.



● CBEI Publications and Mentions

- [Managing social risks and addressing racial inequities in the muni bond market](#), ImpactAlpha
- [Effective Change Management in Equity Implementation](#), GFR, CBER
- [Equitable Recovery in Practice](#), GFR
- [Equity in Capital Improvement Planning Processes](#), CBER
- [Leveraging ARPA Funds for Youth Outcomes](#), Up Partnership
- [Charting an Equitable Future](#), CBER

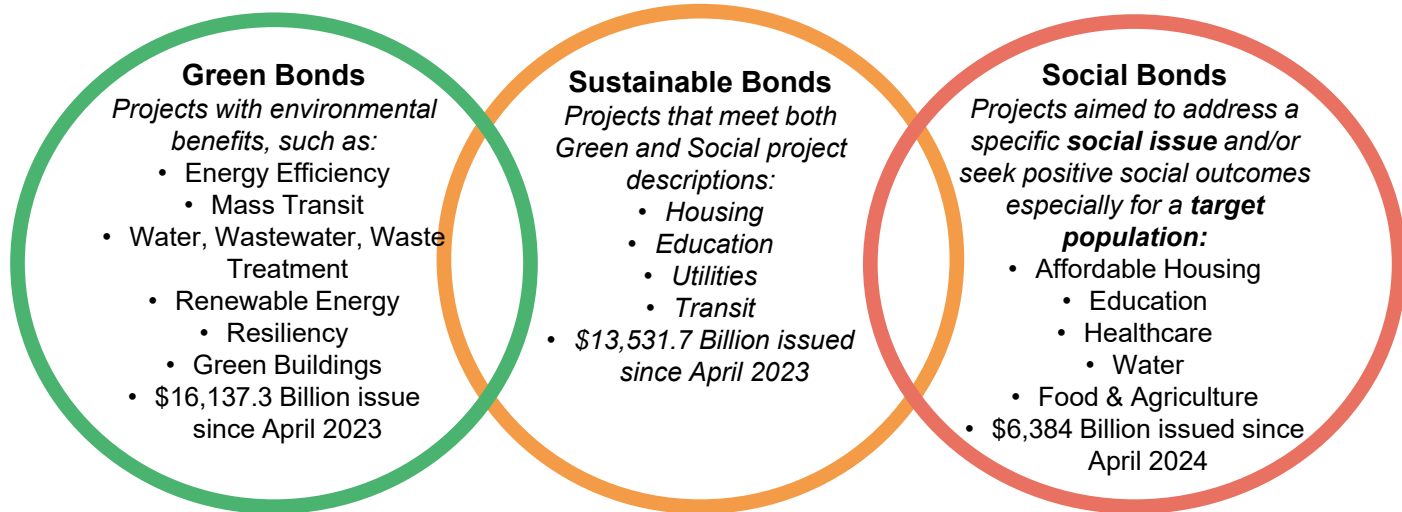


Environmental, Social and Governance ("ESG")



ESG Bond Types

- Investors' reliance on their own internal ESG scoring methods over external ratings indicates a preference for proprietary assessment methods, which may be more closely aligned with their investment strategies or risk assessments and have not favored either self-labeled or second party opinion labeled debt, as they have in other markets
- **No universal or mandatory definition** of ESG Bonds exists in the municipal market at this time; issuers may choose to follow one or more of the voluntary standards
- Green and Social and Sustainable bond designations are all based on the **use of proceeds**
- “Impact” or “Linked” designations are typically **target-based**
- “Blue” and “climate” bonds are less common in the municipal market



Sources: ICMA's "Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds" dated June 2021; "Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds" dated June 2021; and "Sustainability Bond Guidelines," June 2021.
Sources: Bloomberg Green, Social and Sustainable issuance data 4/18/2024



Social Project Examples



- ICMA’s Social Bond Principles (SBP) only provide a broad suggested and non-exhaustive list of eligible Social Project categories
- Issuers can reference existing standards and taxonomies and/or develop their own framework
- Issuers are encouraged to provide the thought process by which they evaluate the clear social benefits of all projects funded by the Social (or Sustainability) Bond issuance

Social Projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially but not exclusively for a target population(s).	
<p>Social Project Categories</p> <ul style="list-style-type: none">• Affordable basic infrastructure (e.g., clean drinking water, sewers, sanitation, transport, energy)• Access to essential services (e.g., health, education and vocational training, healthcare, financing and financial services)• Affordable housing• Employment generation and/or alleviate unemployment stemming from socioeconomic crises• Food security and sustainable food systems• Socioeconomic advancement and empowerment	<p>Target Population Examples</p> <ul style="list-style-type: none">• Living below the poverty line• Excluded and/or marginalized populations and/or communities• People with disabilities• Migrants and/or displaced persons• Undereducated• Underserved, owing to a lack of quality access to essential goods and services• Unemployed• Women and/or sexual and gender minorities• Aging populations and vulnerable youth• Other vulnerable groups, including as a result of natural disasters

Sources: ICMA’s “Guidance Handbook” dated January 2022 and “Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds” dated June 2021.



Green, Social and Sustainable Bondholders

Top Bondholders \$M	Green Bonds	Social Bonds	Sustainability
VANGUARD GROUP	\$ 11,936,347	\$ 3,654,162	\$ 3,436,474
BLACKROCK	\$ 4,666,079	\$ 1,289,129	\$ 621,848
FRANKLIN RESOURCES	\$ 3,718,007	\$ 1,753,064	\$ 563,518
CLIFFWATER LLC	\$ 3,333,330	\$ -	\$ -
INVESCO LTD	\$ 2,995,158	\$ 637,721	\$ 446,634
TIAA-CREF	\$ 2,961,993	\$ 2,918,060	\$ 656,627
CAPITAL GROUP COMPANIES INC	\$ 2,783,254	\$ 79,155,406	\$ 899,938
ALLIANCEBERNSTEIN HOLDING LP	\$ 2,413,354	\$ 1,134,143	\$ 151,552
FMR LLC	\$ 2,397,660	\$ 1,023,815	\$ 925,963
NEW YORK LIFE GROUP	\$ 1,778,037	\$ 445,669	\$ 159,177
JP MORGAN CHASE & CO	\$ 1,519,856	\$ 1,084,464	\$ 55,726,032
TRAVELERS COMPANIES INC	\$ 1,348,130	\$ 54,750	\$ 45,295
GOLDMAN SACHS GROUP INC	\$ 1,284,853	\$ 590,669	\$ 286,098
ALLIANZ SE	\$ 1,248,911	\$ 358,089	\$ 159,767
LORD ABBETT & CO LLC	\$ 1,232,500	\$ 188,337	\$ 46,060
NORTHERN TRUST CORPORATION	\$ 850,191	\$ 140,972	\$ 210,359
T ROWE PRICE GROUP INC	\$ 840,223	\$ 419,087	\$ 325,440
EATON VANCE CORP	\$ 824,371	\$ 454,916	\$ 173,267
ALLSPRING GLOBAL INVESTMENTS HLD	\$ 698,328	\$ 174,205	\$ 105,843
OLIVE STREET INVESTMENT ADV	\$ 656,861	\$ 343,388	\$ 211,940
CHARLES SCHWAB CORPORATION	\$ 618,700	\$ 473,161	\$ 433,328
PERFORMANCE TRUST INVESTMENT ADV	\$ 61,741	\$ 398,727	\$ 81,944,469

Source: Bloomberg, As of 10/25/2024



Green, Social and Sustainable Bonds - State of the Municipal Investor

- The trend of asset management companies creating municipal ESG-specific funds has quieted down recently, but it has not stopped these firms from implementing ESG strategies and policies, and/or repurposing existing funds to become sustainable funds.
- Separately managed funds “SMA’s” are a large part of the demand for ESG labeled municipal bonds, but their holdings are not typically captured in standard industry reports. Firms such as, Goldman Sachs Asset Mgmt., Parametrics, Breckinridge and Appleton are large players in this space. Deal order book review may be the best way to capture their interest.
- The evolution of the municipal market’s treatment of ESG-labeled bonds, despite political and regulatory challenges, shows a growing awareness of the financial impacts of climate and social risks. Yet, the market does not seem to offer distinct spread premiums for managing these risks effectively in the primary market. This suggests that while issuers who navigate these risks may benefit from lower spreads, the market has not reached a consensus on how to value ESG risk management explicitly.



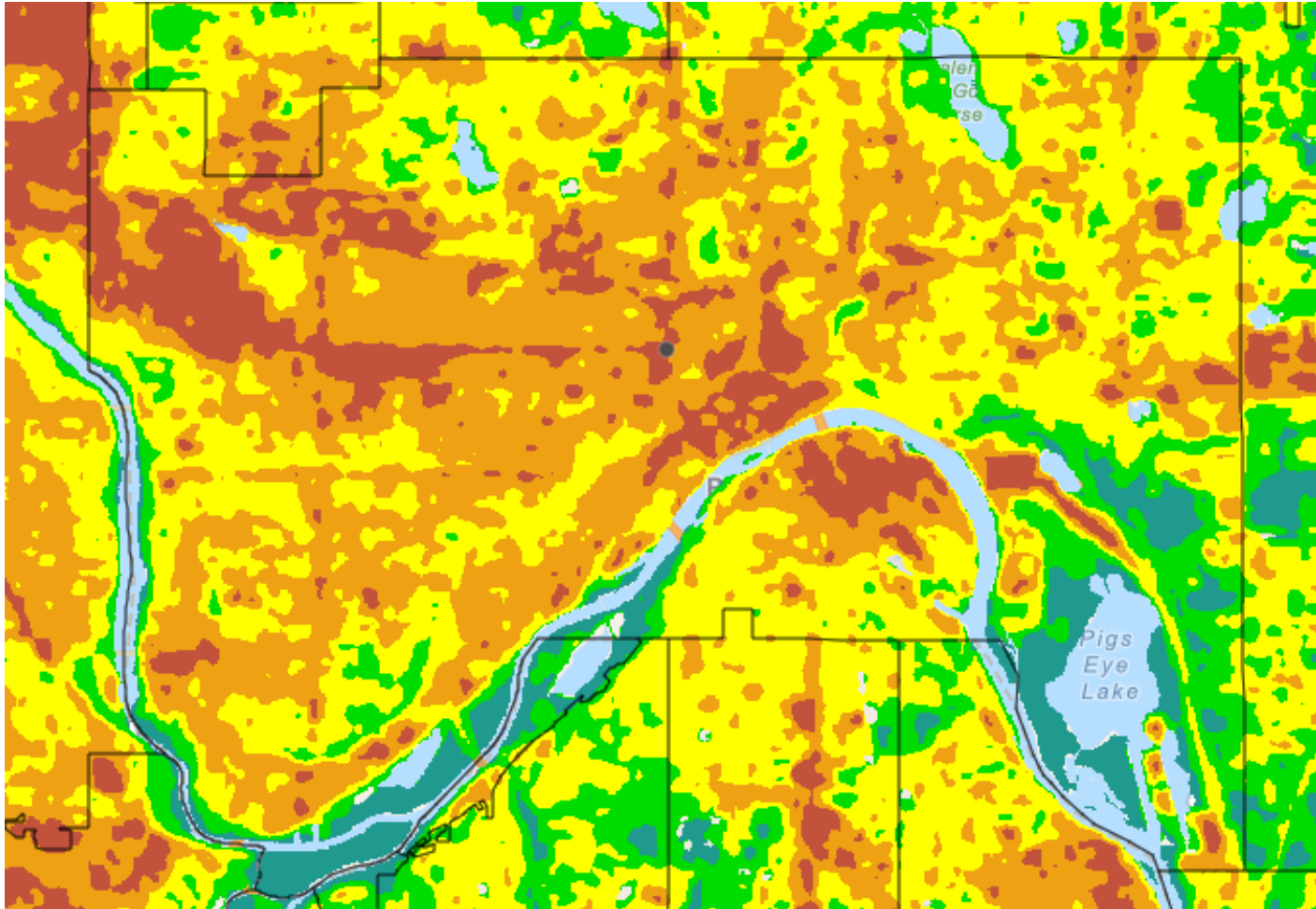
How can PFM Help?

	St. Paul Port Authority	Massachusetts Clean Water Trust	Indiana Finance Authority
Bonds	Sustainability Bonds	Green & Sustainability Bonds	Green Bonds
Project	Remove thousands of ash trees infested with Emerald Ash Borer & replace with diverse variety of trees	Lend funds for Drinking Water and Wastewater – sustainability bonds focused on disadvantaged areas	Lend funds for Drinking Water and Wastewater
UN SDG	8, 10, 11, 15, 17	6, 9, 10, 11, 12, 14	N/A
Designation	Third-Party	Self	Self
PFM Role	Structure b/t tax-exempt & taxable series; disclosure review; assist w/procurement & adv & disadv of third-party verifier; ongoing reporting	Structure b/t green & sustainable series; UN designations & disclosure review	Structure; disclosure review





City of St. Paul – Heat Map

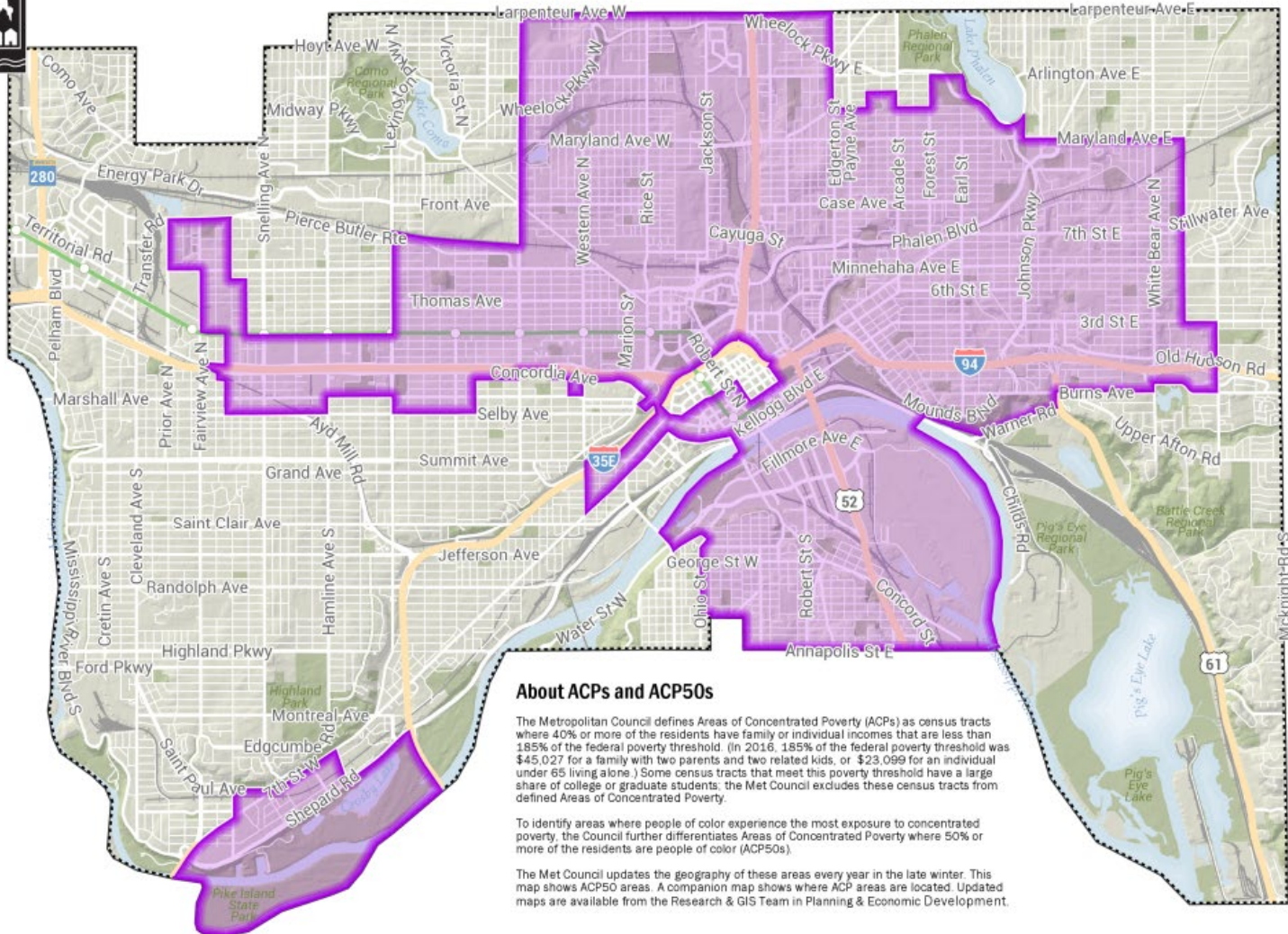


Source: <https://metro council.maps.arcgis.com/apps/MapJournal/index.html?appid=7d9cdd3929e9439bb5b25aa1186d5783#>



ACP Areas

April 8th, 2019



About ACPs and ACP50s

The Metropolitan Council defines Areas of Concentrated Poverty (ACPs) as census tracts where 40% or more of the residents have family or individual incomes that are less than 185% of the federal poverty threshold. (In 2016, 185% of the federal poverty threshold was \$45,027 for a family with two parents and two related kids, or \$23,099 for an individual under 65 living alone.) Some census tracts that meet this poverty threshold have a large share of college or graduate students; the Met Council excludes these census tracts from defined Areas of Concentrated Poverty.

To identify areas where people of color experience the most exposure to concentrated poverty, the Council further differentiates Areas of Concentrated Poverty where 50% or more of the residents are people of color (ACP50s).

The Met Council updates the geography of these areas every year in the late winter. This map shows ACP50 areas. A companion map shows where ACP areas are located. Updated maps are available from the Research & GIS Team in Planning & Economic Development.

This document was prepared by the Saint Paul Planning and Economic Development Department and is intended to be used for reference and illustrative purposes only. This drawing is not a legally recorded plan, survey, official tax map or engineering schematic and is not intended to be used as such. Data source: Metropolitan Council, 2019.





MWBE Municipal Debt Underwriting Considerations



MWBE Underwriters: Lead and Co-Managing Firms

Most Active Firms		
Loop Capital Markets	Rice Financial	Backstrom McCarley
Samuel A. Ramirez	Stern Brothers	Mischler Financial
Siebert Williams Shank	Drexel Hamilton	Great Pacific Securities
Academy Securities	Cabrera Capital Mkts	American Veterans
Blaylock Van, LLC	Estrada Hinojosa	Duncan-Williams
InspereX Public Finance	AmeriVet Securities	Bancroft Capital LLC

Advantages of working with MWBE firms:

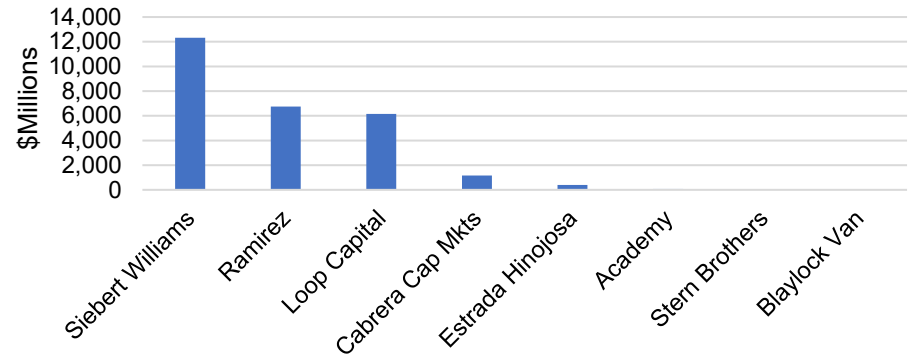
- Commitment to DEIB is certainly demonstrated in their mission, their hiring decisions as well as their charitable and community work
- Partnering with a MWBE firm can demonstrate an issuer's commitment to diversity and working with historically underutilized firms
- Strong commitment to Public Finance – Unlike bulge-bracket firms whose primary business is not municipal finance; public finance is the historical core line of business at most MWBE firms
- Strong connections with local and regional minority and women-owned law firms as underwriters' counsel, bond counsel, or disclosure counsel on transactions in which they are involved
- Focus on cultivating relationships with and providing excellent service to second- and third-tier institutional buyers, which are often under-served by bulge-bracket firms



MWBE Underwriters: 2024 Activity

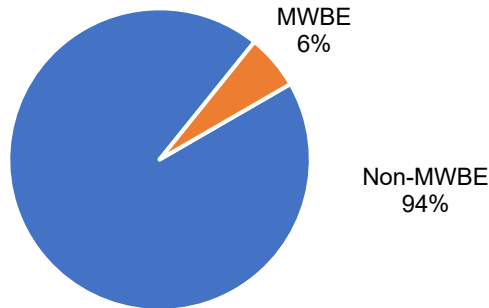
Negotiated Deals: Jan 1 - Oct 17, 2024		
MWBE Lead UW	Par Amount	# Series
Siebert Williams Shank & Co LLC	12,329,445,000	57
Samuel A Ramirez & Co Inc	6,748,033,864	46
Loop Capital Markets LLC	6,154,980,000	34
Cabrera Capital Markets LLC	1,169,958,582	11
Estrada Hinojosa & Co Inc	407,370,000	6
Academy Securities Inc	80,000,000	1
Stern Brothers & Co	70,390,000	6
Blaylock Van LLC	24,825,000	1

MWBE UW 2024 Rankings

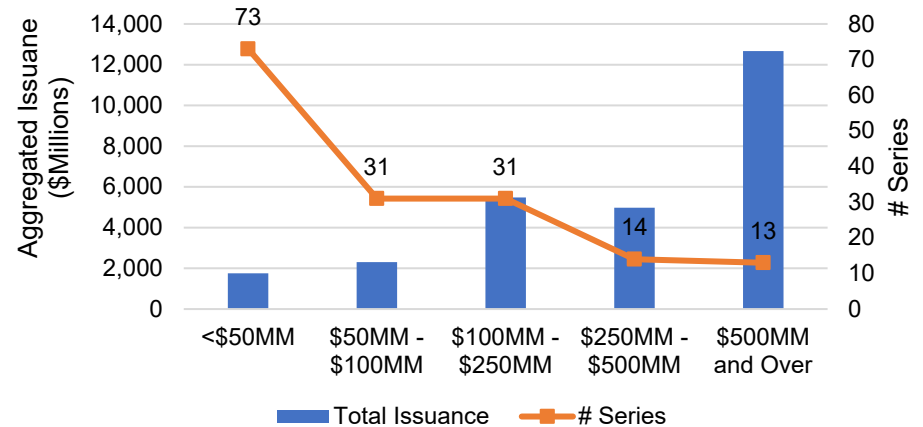


Market Statistics

UW Market Breakdown

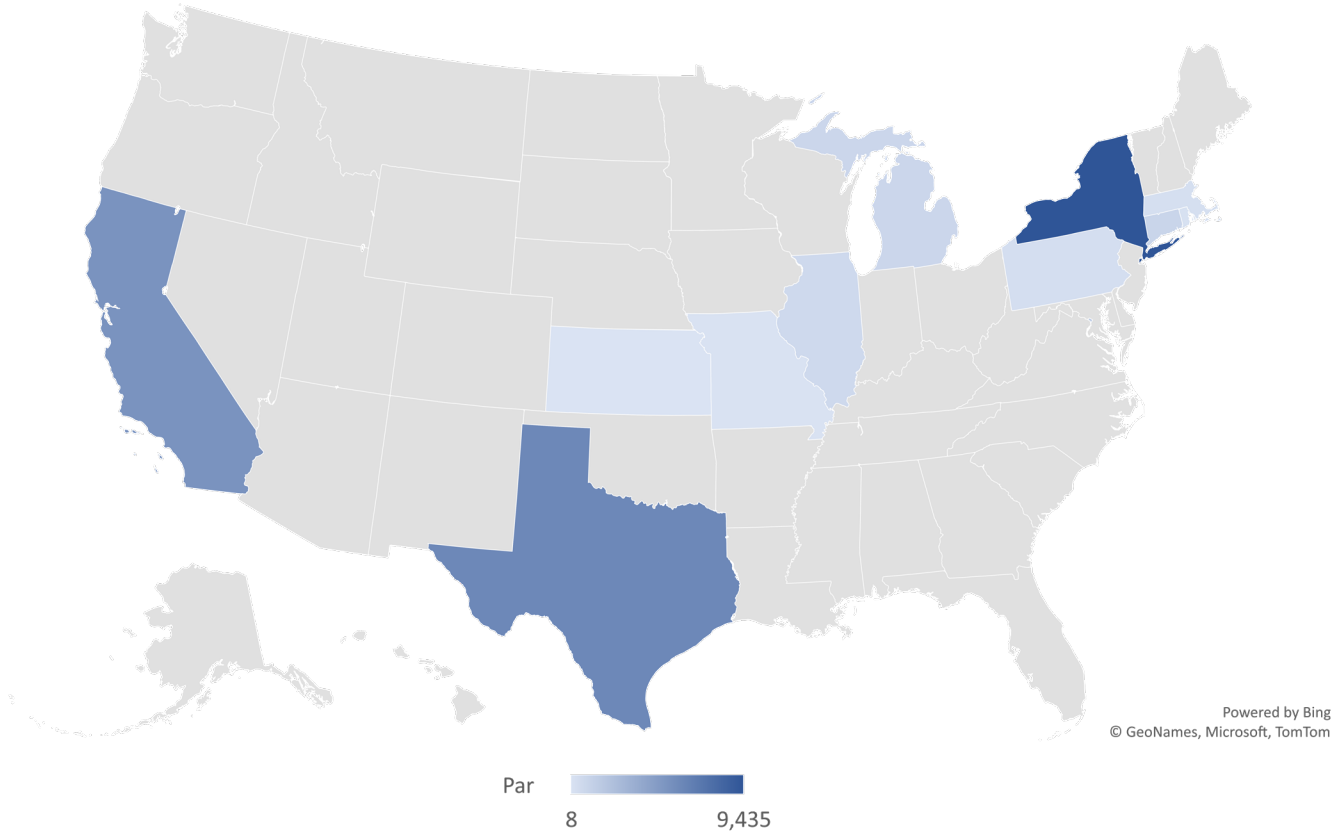


MWBE UW Breakdown by Issue Size





2024 Municipal Issuance with MWBE as UW

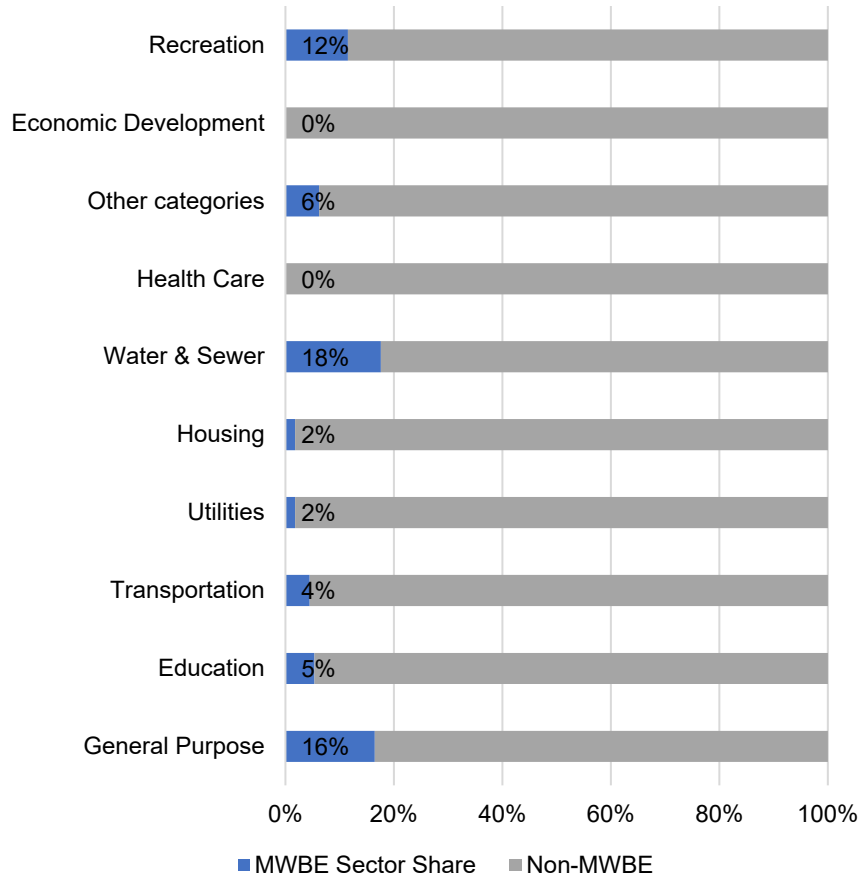


State	Par Amount (\$MM)	# Series
NY	9,435	25
TX	6,032	45
CA	5,293	39
DC	1,682	6
CT	937	3
MI	860	7
IL	668	9
GA	432	5
PA	353	2
FL	297	4
MA	290	3
AZ	184	1
RI	167	2
IN	101	2
TN	85	1
VA	79	2
MO	70	2
CO	11	1



MWBE Underwriters: Sector Breakdowns

MWBE Activity by Sector



Sector	Par Amount (\$MM)	# Series
General Purpose	13,692	56
Water & Sewer	4,994	25
Education	4,324	49
Transportation	2,269	9
Utilities	623	2
Housing	518	15
Other categories	343	4
Recreation	222	2



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