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# Munite<sup>®</sup> PFM's Investor Relations Platform

April 24, 2024

# Introductions



**Dan Kozloff**

Managing Director, Philadelphia



**John Murphy**

Director, Boston



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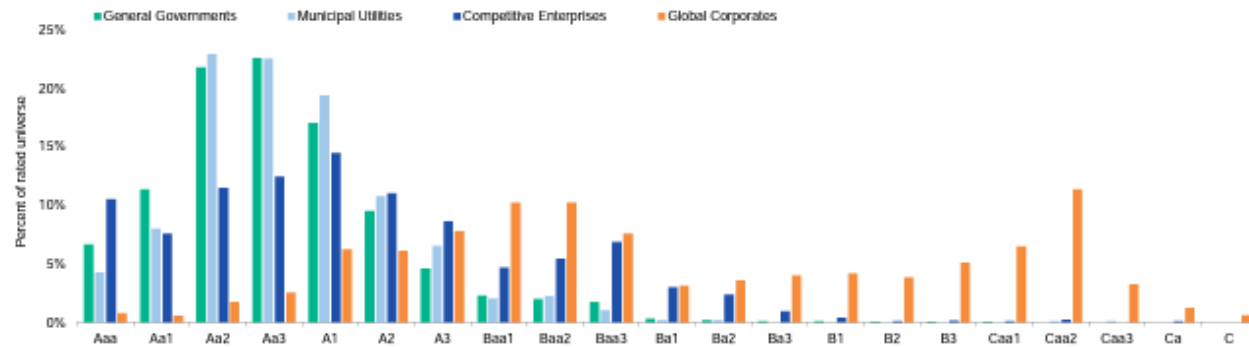


# The Differentiation Dilemma

- Municipal credit quality is high, with the vast majority (about 91%) of issuer ratings falling into higher ratings categories (A and above).
  - 2022 Moody's median municipal rating: Aa3.
  - 2022 Moody's median corporate rating: Baa3.
- With this relative homogenization versus other asset classes, it becomes increasingly important for muni bond issuers to differentiate themselves for investors.

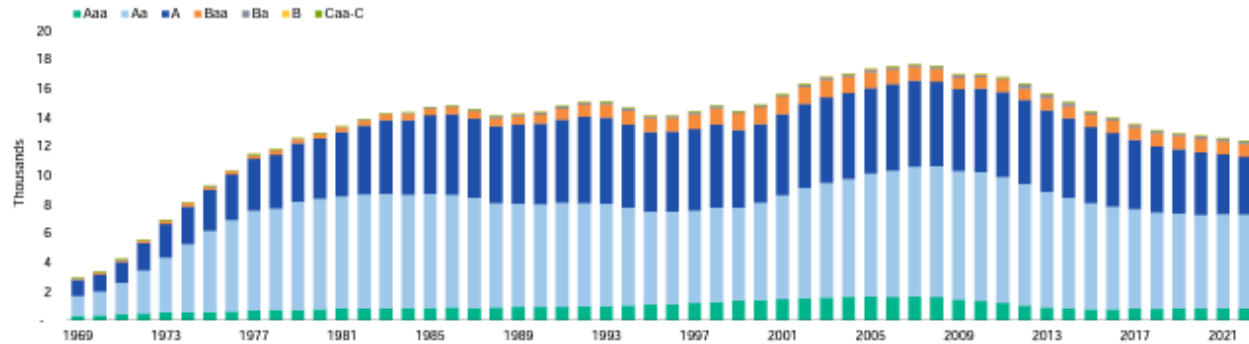
Most municipal ratings are distributed in high investment-grade

Rating distributions by sector: Municipal issuers by sector compared to global corporate issuers, year-end 2022



Municipal sector is highly rated: Typically rated A and above

Municipal rating counts by broad rating category, year-end



Source: Moody's Investors Service, US Municipal Bond Defaults and Recoveries, 1970-2022, July 19, 2023



# Poll Question 1:

Given the overall high credit quality and ratings of municipal credits, a proactive Investor Relations strategy and investor outreach are important tools for issuers to better differentiate themselves in the municipal market.

- A. True
- B. False



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- A. True
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# Municipal Issuer Investor Relations

## Current Observations

- The current state of municipal market investor relations (“IR”) practices and resources is wide-ranging and inconsistent.
  - Institutional investors typically describe a disjointed and inefficient process for assessing and gathering issuer-specific information and data for investment decision making.
  - Issuer-hosted investor relations sites range from robust to non-existent.
    - Most issuer-hosted sites require potential investors to search for relevant information to inform their decisions.
  - The lack of consistency amongst existing IR sites can create inefficiencies and potential blind spots for investors seeking to fund municipal projects.
  - Absent isolated conversations with issuers, advisors and underwriters; and high-level investor road show presentations, there are minimal established channels for investors to communicate their research needs with bond issuers and influence issuer-provided content.
    - Additionally, there is little transparency from the side of the issuer in understanding investor behavior, motivations and drivers.
- Aside from establishing and maintaining a robust IR website, there is a general lack of industry best practices for facilitating investor communications.



# Poll Question 2:

The current state of municipal market investor relations is:

- A. Inconsistent – some issuers have well-formulated investor relations websites, and some have little to no information available beyond required 15c2-12 EMMA disclosures
- B. Extremely consistent amongst municipal issuers
- C. Easy for investors to use across all municipal credits
- D. Very transparent for all issuers



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# GFOA Best Practice: Municipal Issuer Investor Relations Programs

- The GFOA recommends that municipal issuers maintain an investor relations program in conjunction with their continuing disclosure policy.
- Statements from GFOA's Best Practice Recommendation<sup>1</sup>:
  - Investor relations programs are not a substitute for the requirements of Securities and Exchange Commission (SEC) Rule 15c2-12, but...**promote the efficient sale of debt instruments in both the primary and secondary markets and improve the reception of debt offerings.**
  - The centerpiece of such a program is a **commitment to provide full and comprehensive disclosure of annual financial, operating, and other significant information in a timely manner** consistent with federal, state and local laws.
  - Investor Relations website: **One way for issuers to provide financial transparency to investors is by posting disclosure information on an investor relations website and regularly updating that site with financial data...** This investor relations website may be a website that the issuer hosts as part of their governmental platform or a website the issuer contracts with a third party.



BEST PRACTICES

### Maintaining an Investor Relations Program

Governmental bond issuers should consider developing an investor relations program in conjunction with their continuing disclosure policy.

In today's municipal market there is a heightened focus on the quality and transparency of disclosure practices by issuers. Investor relations programs are not a substitute for the requirements of Securities and Exchange Commission (SEC) Rule 15c2-12, but are a means to share that required disclosure information and further go beyond those disclosure requirements to promote the efficient sale of debt instruments in both the primary and secondary markets and improve the reception of debt offerings.



# Poll Question 3:

Why does the GFOA recommend that municipal issuers maintain an investor relations program?

- A. To replace required SEC rule 15c2-12 disclosures
- B. To guarantee savings on debt issuances
- C. To promote the efficient sale of debt instruments in both the primary and secondary markets, and improve the reception of debt offerings
- D. GFOA does not recommend maintaining an investor relations program



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# Investor Relations Advisory Service

- Develop specific investor targets and placement goals to discuss with underwriter(s)
  - Identify current bondholders and non-bondholders of public debt
  - Analyze and understand previous orders and allocations – may provide greater insight than review of current bondholders
- Develop strategies with underwriter to reach all types of investors and develop pre-sale pricing goals that target specific investor types
- Capture and retain as much sale information as possible, including roadshow views, POS downloads, etc.
- Establish a database of investors and questions asked, maintain FAQs



# Investor Relations Advisory Service

- Use Munite® platform in concert with underwriter activity to develop institutional buyers, direct purchasers, private buyers and Munite's® Access Link to attract retail investors
  - Munite's® institutional investor database contains all major institutional investors and market participants
  - Access Link provided on POS, deal wire, investor roadshow and EMMA®

NEW ISSUE - BOOK-ENTRY ONLY

**OCU**  
The Reliable One®

\$245,130,000  
**ORLANDO UTILITIES COMMISSION  
UTILITY SYSTEM REVENUE BONDS,  
SERIES 2023A**

Date: October 1, as shown on the inside front cover page

*the Underwriters. PFM Financial Advisors LLC is serving as Financial Advisor to OUC. The Series 2023A Bonds are expected to be delivered through the book-entry system of DTC, on or about June 22, 2023.*

For additional information relating to OUC, please see the Investor Relations platform Munite® (<https://go.munite.com/#/retail/ouc/obligor/45459/0>), EMMA (<https://emma.msrb.org>), and/or OUC's website ([www.ouc.com](http://www.ouc.com)).

**J.P. Morgan**  
Citigroup

**Raymond James**

**Goldman Sachs & Co. LLC**  
Ramirez & Co., Inc.

Dated: June 6, 2023

BY ACCEPTANCE OF A SERIES 2023A BOND, THE HOLDER THEREOF CONSENTS TO THE ABOVE REFERENCED AMENDMENT.

**J.P. Morgan**      **Raymond James**      **Goldman Sachs & Co. LLC**  
Citigroup      Ramirez & Co., Inc.

Dated: June 6, 2023

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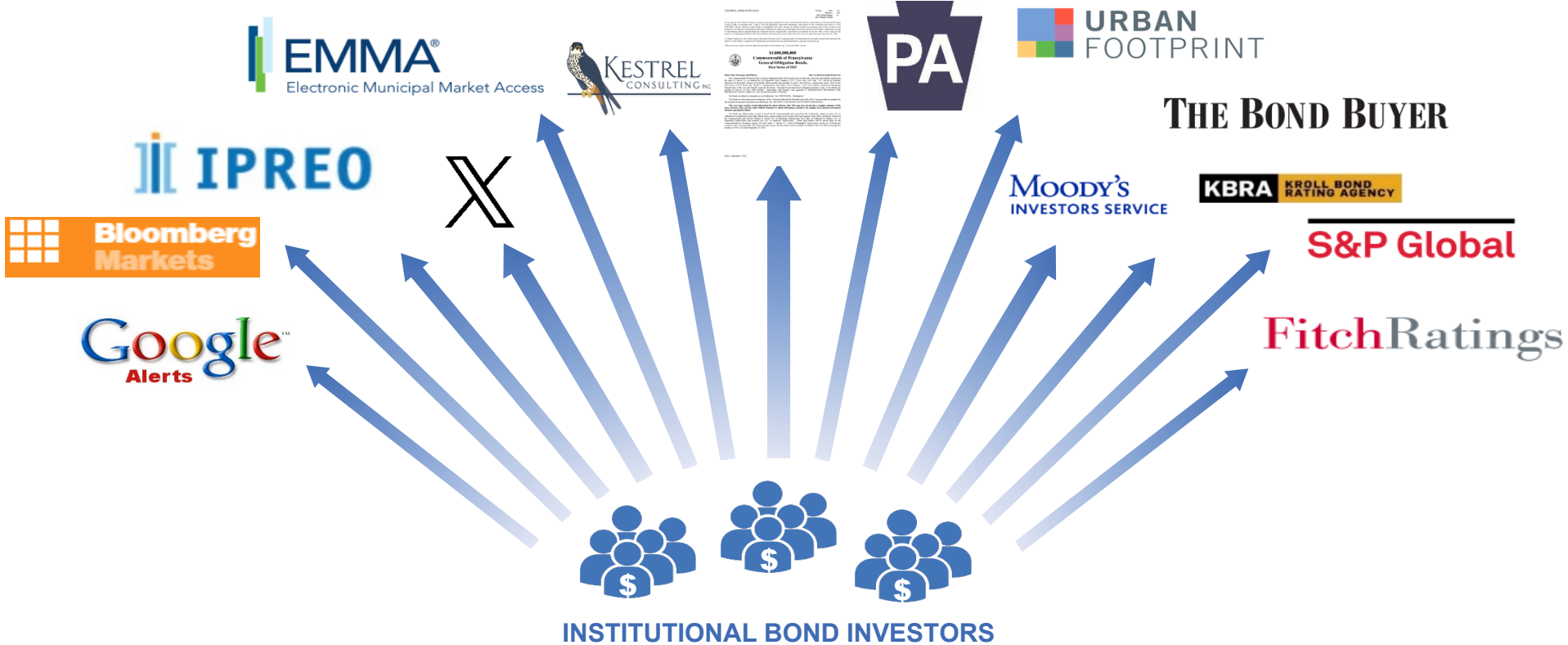
# Investor Relations Advisory Service

- Post-pricing review
  - Review orders and allocations versus existing holders and views/touches
  - Score performance of underwriting team
  - Log and summarize investor meetings
  - Investor follow-ups
  - Set goals for next financing



# Current Research / Data Gathering Process for Investors

The current process requires institutional investors to use (and pay) numerous services, websites, and information channels to accumulate all of the necessary information and data.



For important disclosures, visit <https://www.munite.com/disclosures>.



# The Munite<sup>®</sup> Platform Approach

With Munite's<sup>®</sup> **one-stop-shop investor relations platform**, issuers are able to provide investors with an optimal solution for digesting information **quickly and efficiently**.



**INSTITUTIONAL BOND INVESTORS**

For important disclosures, visit <https://www.munite.com/disclosures>.





# Munite®

Munite® is a **one-stop shop investor relations platform** for the municipal bond community.

- The platform leverages PFM's role as a leader in the municipal market, leveraging our expertise to benefit bond issuers with an **optimal approach to investor relations.**

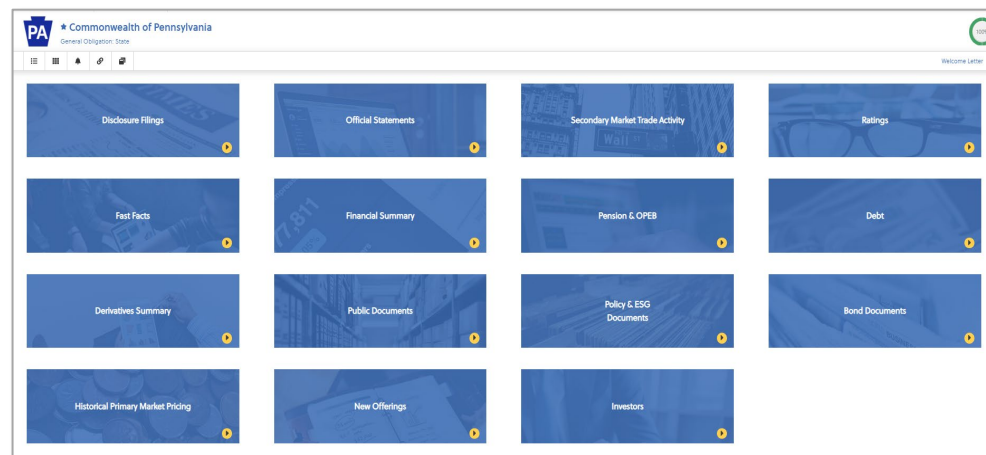
The **intuitive and efficient** internet-based platform allows municipal bond issuers to put their information and data into the hands of those that help fund their projects – investors.

Munite® subscribers can provide **highly organized, accessible sector-specific information** that helps to inform the investors decision-making process.

Munite® subscribers also gain **unparalleled insight into investor decision-making criteria** as well as **issuer comparison of key metrics amongst issuer-defined peer groups.**

The screenshot shows the 'Utilities: Public Power' section of the Munite platform. It features a table with columns for Obligor Name, State, Public Debt (\$MM), Disclosure Filings, Official Statements, Trade Activity, and Ratings. Each row represents a different utility issuer with its corresponding state and public debt amount. The table is scrollable and includes navigation icons at the top.

Obligor Name	State	Public Debt (\$MM)	Disclosure Filings	Official Statements	Trade Activity	Ratings
Los Angeles CA Department of Water and Power...	CA	\$10,691,150	+	+	+	+
Georgia Municipal Electric Authority	GA	\$7,039,040	+	+	+	+
South Carolina Public Service Authority	SC	\$6,867,616	+	+	+	+
CPS Energy (a/k/a San Antonio Electric and Gas ...	TX	\$6,229,780	+	+	+	+
Puerto Rico Electric Power Authority Power Reve...	PR	\$6,206,135	+	+	+	+
Long Island Power Authority (LIPA) NY	NY	\$5,000,545	+	+	+	+
Energy Northwest WA Electric Revenue	WA	\$4,847,895	+	+	+	+
Salt River Project Agricultural Improvement and ...	AZ	\$4,107,040	+	+	+	+
Utility Debt Securitization Authority (NY)	NY	\$3,804,490	+	+	+	+
Seattle WA Municipal Light and Power Revenue	WA	\$2,664,585	+	+	+	+
Omaha Public Power District NE Electric Revenue	NE	\$2,360,295	+	+	+	+
Colorado Springs CO Utilities	CO	\$2,186,837	+	+	+	+
Sacramento CA Municipal Utility District	CA	\$2,131,450	+	+	+	+



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# The Munité<sup>®</sup> Value Proposition



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# Issuer + Investor Value Proposition

## Issuers

- Provides an optimal approach in investor communications
- Facilitates issuers' access to a broad universe of investors
- Provides transparency into who an issuer's investors are and what they focus on
- Ensures that issuers across the market and within sectors can put their best foot forward when accessing the capital markets
- Allows issuers to influence structure and content; IR platform is done "for them, not to them"

## Investors

- Supports better credit analysis and efficient decision-making for the outlay of capital
- Provides easy, efficient data access – "one-stop-shop"
- Offers depth, breadth and consistency for issuers in each sector
- Allows for real-time alerts about relevant and new information
- Provides ability to influence the content, data and analysis that is available to the market



# Conclusion

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- In today's market, it is increasingly important for issuers to go beyond the requirements of 15c2-12 disclosure filings – **developing and maintaining a proactive investor relations program is important for differentiation and investor stewardship in both the primary and secondary markets.**
- Munité<sup>®</sup> is a “One-Stop-Shop” user-friendly investor relations platform.
- We feel that the breadth and depth of issuer information available on Munité is unmatched in the municipal market.
- It provides issuers with **an optimal approach** to meet the needs of their investor community.
- It is **intuitive, cost-effective, and compatible** with existing practices and consistent with publicly stated regulatory priorities.
- Munité<sup>®</sup> can be an **everyday tool** for investors and other municipal market participants.



# Disclosures

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