The Fundamentals of Public Finance

Overview of Seminar

April 7 & 8, 2021

Presented by:
Dan Kozloff

PFM
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43rd Floor
Philadelphia, PA 19103

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Welcome & Introductions

Dan Kozloff
Managing Director, Philadelphia
Training Seminar Facilitator

Gianna Spigonardo
Learning & Development Specialist, Philadelphia
Training Seminar Facilitator
Purpose of the Seminar

**Education**
- Increase knowledge and comfort level with public finance.

**Information**
- How can PFM serve you better?

**Perspective**
- Where to focus and when?

**Networking**
- Best practice sharing and development of peer network.
What We Do

FINANCIAL ADVISORY
transaction management & bond pricing | credit strategies | capital planning

ASSET MANAGEMENT
cash & liquidity management | short & intermediate term fixed income | multi-asset class | structured products | stable value

CONSULTING
fiscal planning & budgeting | organizational efficiency & effectiveness | policy & program analysis | workforce strategy & negotiation support

FINANCIAL MODELING
powered by Synario

ALTERNATIVE FINANCE
public private partnerships & economic development | developer selection & negotiation | asset & real estate portfolio analysis & monetization | environmental finance | tax credit & incentive policies

SPECIALIZED SERVICES
derivatives advisory | treasury management consulting | payment solutions | arbitrage rebate consulting | retirement finance
## Financial Advisory services

<table>
<thead>
<tr>
<th>Debt &amp; Swap Portfolio Management</th>
<th>Debt Structure Financing Alternatives/Terms</th>
<th>Dedicated Bond Pricing Group</th>
<th>Swap Monitoring &amp; Risk Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Strategy</td>
<td>Direct Relationships with Rating Agencies</td>
<td>Constant Communication</td>
<td>Development of Direct Investor Relations Strategies</td>
</tr>
<tr>
<td>Specialized Services</td>
<td>Economic Development</td>
<td>Airports &amp; Seaports</td>
<td>Higher Education</td>
</tr>
<tr>
<td>Quantitative Strategies</td>
<td>Capital Financing</td>
<td>Strategic Planning</td>
<td>Budgeting</td>
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</tbody>
</table>
Debt issuance considerations

- How to finance a capital project?
  - Why not save up funds over time and build project in future; or
  - “Pay-as-you-go”

- Why issue debt?

- How to issue debt?
  - How much to issue
    - Gross fund vs. Net fund
  - How to find lenders
  - How to repay loan
    - How long?
    - What structure?
  - How to document the loan?
    - What should the loan cost (pricing)?

- The PFM value proposition
The Tao of Municipal Bond Modeling

Size
- Other Elements of Size
- Construction Fund
- Capitalized Interest
- Underwriter's Discount
- Costs of Issuance

Structure
- Bond Insurance
- Debt Service Reserve Fund
- Bond Structure
- Refunding Escrow(s)

Yield

© PFM
Asset Management services

<table>
<thead>
<tr>
<th>INVESTMENT ADVISORY SERVICES</th>
<th>Fixed-Income Portfolio Management</th>
<th>Multi-Asset Class Portfolio Management</th>
<th>Investment Policy Development</th>
<th>Cash Management</th>
<th>Accounting &amp; Recordkeeping</th>
<th>Asset/Liability Management</th>
<th>Stable Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOND PROCEEDS STRATEGIES</td>
<td>Escrow Structuring &amp; Procurement</td>
<td>Investment Agreement Valuation &amp; Terminations</td>
<td>Reserve Fund Optimization &amp; Management</td>
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</tr>
<tr>
<td>CASH MANAGEMENT CONSULTING</td>
<td>Cash Flow Forecasting</td>
<td>Treasury Consulting</td>
<td>Rebidding Banking Services</td>
<td>Internal Controls Review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ARBITRAGE REBATE COMPLIANCE</td>
<td>Investment Optimization to Minimize Rebate Liability</td>
<td>Arbitrage Rebate Calculations</td>
<td>Post-Issuance Tax Compliance</td>
<td>Procedures Verification</td>
<td></td>
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</tbody>
</table>
Our asset management business has 40 years’ experience in managing high-quality portfolios.

$164.0 billion in total assets, including $120.6 billion in discretionary assets under management and $43.4 billion in non-discretionary assets under advisement as of December 31, 2020.

Relative value manager with a focus on downside protection.

Specialist in high-quality, short- and intermediate-duration fixed-income portfolios.

Manages multi-asset class portfolios that employ institutional managers.

Successfully navigated the markets during the credit crisis.

- Completely avoided defaulted credits, structured investment vehicles, subprime mortgages, collateralized debt obligations, auction-rate securities.

Culture of transparency and risk management.
The PFM Management and Budget Consulting (MBC) team works with governments and nonprofit institutions on actionable initiatives to advance toward structural and sustainable financial health. We have a proven track record over more than 25 years of using quantitative tools, benchmarking and best practices evaluations, organizational and policy review, and state-of-the-art financial modeling to translate analysis into action.

Our team targets the issues that impact government performance.

- PFM Management and Budget Consulting clients include governments ranging from those in fiscal distress to those with strong financial positions.
- We apply proven approaches that move public sector agencies along the continuum toward financial and programmatic excellence.
- Key services include:
  - Long-range financial plans
  - Turnaround strategies
  - Collective bargaining and arbitration analytics
  - Pension and OPEB finance
  - Tax policy and incentives evaluation
  - Agency and program reviews
  - Criminal justice and safety finance
  - Human services fiscal improvement
  - Budget stress tests and recession readiness
  - National and State Resource Networks
Diverse Array of MBC Services

- PFM clients include governments ranging from those in fiscal distress to those with strong financial positions.
- PFM works with our clients to strengthen finances, improve operating performance, and increase capacity to deliver services effectively.
- We apply proven approaches that move public sector agencies along the continuum toward financial and programmatic excellence.
Financial Modeling Powered by Synario

STRATEGIC FORECASTING & MULTI-YEAR PLANNING

Financial Modeling powered by Synario focuses exclusively on developing and delivering best-in-class financial modeling technology and services to public and private markets. Our flexible financial modeling platform is designed to produce dynamic, multi-year financial projections to facilitate strategic planning.

- **Delivered in the Cloud.** No hardware or software to maintain
- **Built for Collaboration.** Version control issues completely eliminated
- **Easy to Implement.** Average time to go live is two weeks
- **Best Practice Approach.** Leverages PFM’s long history helping local governments solve budget and finance challenges
Tracks & Courses

Core Tracks

- **Asset Management**
  - Introduction to Asset Management
  - The Intersection of Bond Proceeds Investing & Arbitrage Rebate Compliance
  - Fixed-Income Portfolio Management
  - Multi-Asset Class Management Update
- **Financial Advisory**
  - Time Value of Money & Bond Basics
  - The Basics of Refunding Bonds
  - Budgeting Approaches in Uncertain Times
  - Bond Pricing

Electives

- Retirement Finance & OPEBs
- Coffee Chat / Peer Networking
- (No CPE credits issued)
- Tax Reform - Municipal Market Update
- Introduction to Munite® & Investor Relations
- Economic Update
- Fixed Income ESG Solutions
- PFM: Diversity, Equity & Inclusion Update & MWBE Firms
- Swap Introduction & Applications
- Budgeting for Equity
- Municipal Advisory Regulations & Contracts Overview
- Treasury Management Update
- Cash Optimization Strategies
- Alternative Project Delivery & P3’s
- Synario - A New Way to Do Financial Modeling
Logistics & Timeline

Introduction to Virtual Program
- April 7 + 8

Core Track Courses
- April 8 - April 28

Elective Courses
- April 29 - May 20

- CPE certificates issued after each course
  - Must attend full webinar and answer all polling questions
  - Complete the survey
- Track and Program certificates issued after completion of virtual seminar
- Attend via Webex (recommended to join from desktop or laptop computer)
  - Time allotted for Q&A during each course; submit throughout using chat
- Surveys sent via email to attendees after courses completed
  - Please provide your feedback!
Sample Poll Question:
From which region are you joining us today?

- Northeast
- Midwest
- South
- West
# Course Schedule

## Core Asset Management Courses

<table>
<thead>
<tr>
<th>Course</th>
<th>Date</th>
<th>Start (ET)</th>
<th>End (ET)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Asset Management</td>
<td>4/8/2021</td>
<td>3:30 PM</td>
<td>4:30 PM</td>
</tr>
<tr>
<td>The Intersection of Bond Proceeds Investing &amp; Arbitrage Rebate Compliance</td>
<td>4/9/2021</td>
<td>2:00 PM</td>
<td>4:15 PM</td>
</tr>
<tr>
<td>Fixed-Income Portfolio Management</td>
<td>4/21/2021</td>
<td>2:00 PM</td>
<td>3:45 PM</td>
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<tr>
<td>Multi-Asset Class Management Update</td>
<td>4/22/2021</td>
<td>3:00 PM</td>
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</table>

## Core Financial Advisory Courses

<table>
<thead>
<tr>
<th>Course</th>
<th>Date</th>
<th>Start (ET)</th>
<th>End (ET)</th>
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</thead>
<tbody>
<tr>
<td>Time Value of Money and Bond Basics</td>
<td>4/14/2021</td>
<td>2:30 PM</td>
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</tr>
<tr>
<td>The Basics of Refunding Bonds</td>
<td>4/16/2021</td>
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<td>4:45 PM</td>
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<tr>
<td>Budgeting Approaches in Uncertain Times</td>
<td>4/23/2021</td>
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<td>3:00 PM</td>
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<tr>
<td>Bond Pricing</td>
<td>4/28/2021</td>
<td>2:30 PM</td>
<td>4:45 PM</td>
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<table>
<thead>
<tr>
<th>Elective Courses</th>
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<th>End (ET)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coffee Chat / Peer Networking</td>
<td>4/29/2021</td>
<td>4:00 PM</td>
<td>5:00 PM</td>
</tr>
<tr>
<td>Retirement Finance &amp; OPEBs</td>
<td>4/30/2021</td>
<td>2:30 PM</td>
<td>4:15 PM</td>
</tr>
<tr>
<td>Tax Reform – Municipal Market Update</td>
<td>5/5/2021</td>
<td>2:00 PM</td>
<td>3:00 PM</td>
</tr>
<tr>
<td>Introduction to Munite® &amp; Investor Relations</td>
<td>5/5/2021</td>
<td>3:30 PM</td>
<td>5:15 PM</td>
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<tr>
<td>Economic Update</td>
<td>5/6/2021</td>
<td>2:00 PM</td>
<td>3:00 PM</td>
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<tr>
<td>Fixed Income ESG Solutions</td>
<td>5/7/2021</td>
<td>2:00 PM</td>
<td>3:00 PM</td>
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<tr>
<td>PFM: Diversity, Equity &amp; Inclusion Update and MWBE Firms</td>
<td>5/12/2021</td>
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<td>3:30 PM</td>
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<tr>
<td>Municipal Advisory Regulations &amp; Contracts Overview</td>
<td>5/13/2021</td>
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<td>5:00 PM</td>
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<tr>
<td>Swap Introduction and Applications</td>
<td>5/14/2021</td>
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<tr>
<td>Budgeting for Equity</td>
<td>5/14/2021</td>
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<td>Treasury Management Update</td>
<td>5/18/2021</td>
<td>2:00 PM</td>
<td>3:00 PM</td>
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<tr>
<td>Alternative Project Delivery &amp; P3’s</td>
<td>5/19/2021</td>
<td>2:00 PM</td>
<td>3:00 PM</td>
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<td>Cash Optimization Strategies</td>
<td>5/19/2021</td>
<td>4:00 PM</td>
<td>5:00 PM</td>
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<tr>
<td>Synario – A New Way to Do Financial Modeling</td>
<td>5/20/2021</td>
<td>4:00 PM</td>
<td>5:00 PM</td>
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Questions?
Disclosures

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

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