



**State of West Virginia
Department of Administration
Purchasing Division**

NOTICE

Due to the size of this bid, it was impractical to scan every page for online viewing. We have made an attempt to scan and publish all pertinent bid information. However, it is important to note that some pages were necessarily omitted.

If you would like to review the bid in its entirety, please contact the buyer. Thank you.

ORIGINAL



State of West Virginia
Technical Proposal for Independent Financial
Advisory Services

RFP No. SEC136050

May 2, 2013

Submitted by



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

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05/02/13 09:39:39 AM

West Virginia Purchasing Division

Main Contact: Dan Hartman, Managing Director, hartmand@pfm.com

Vendor Signature:

A handwritten signature in black ink, appearing to read "Dan Hartman", written over a horizontal line.

Date:

5/1/13

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May 2, 2013

Krista Ferrell
Department of Administration
Purchasing Division
2019 Washington Street East
Charleston, WV 25305

Dear Ms. Ferrell:

On behalf of our colleagues at Public Financial Management ("PFM"), we are very pleased to submit our proposal to serve as the independent financial advisor to the State of West Virginia (the "State") and the departments and organizational entities on whose behalf the State issues debt or over which the State has management or governance responsibilities with regard to the issuance of debt.

We appreciate this opportunity to provide our qualifications and to demonstrate our eagerness to serve as the State's financial advisor. Given the varied needs and challenges of the State, PFM's response to this RFP provides our specific qualifications, expertise and experience with the wide range of services required to properly serve each financing sector for which the State is responsible for issuing debt. Our proposal provides a comprehensive look at the factors that positively differentiate us from other financial advisors who may propose to serve the State and its related organizations. These factors are summarized below.

Knowledge of the State and its Debt Structure, Credit, and Financing Policies

We have followed the State's financing program for some time, and a number of current PFM employees have worked with the State in the past. Further, we have met in the last year with most of the departments and organizations that work with the State on various financing programs. As we detail in our RFP response, we are quite familiar with the financial issues that the State faces, the priorities of the current administration, the challenges of the current financial landscape in the State, and the debt, legal, and credit structure under which the State operates. PFM has almost all of the current debt modeled in the system, and we are familiar with all of the State's major credit structures. Keeping that in mind, PFM is ready to hit the ground running on day one and will not take up the State's time or money in the transfer.

Nation's Leading Financial Advisor

PFM is the leading financial advisor in the country. While its #1 rankings are certainly noteworthy, they are also indicative of the quality of services that PFM provides and the reputation of the firm in the market. In making a determination as to the group best-suited to serve as its financial advisor, the State will want a partner that has such national credibility.

Given the magnitude of its funding needs and strategic efforts, the State will benefit from having the full resources of the PFM Team, with its experience as the nation's most active and experienced public finance transaction manager, involved in creating creditworthy transaction structures and the lowest cost funding plans. We are in the primary bond market on behalf of our clients an average of 3 times every business day – we advised on more than 902 publicly sold bond issues for over \$56.9 billion in 2012 alone. This market knowledge and awareness of the best structures to match the State's needs and investor preferences will help the State minimize its financing costs.

Wide Range of Services for Specific Expertise on Issues concerning the State

PFM has the broadest range of services of any financial advisor. In addition to traditional financial advisory services, we provide strategic consulting, asset management consulting, advice regarding structured investment products (derivatives, escrows, investment contracts, etc.), and arbitrage rebate



services. For a large and complex entity such as the State, this breadth of services is particularly important since assistance in these areas may be needed at some juncture.

The PFM Team has by far the largest staff and most extensive resources of any financial advisory firm. Our professional staff is among the best in the public finance industry. We provide our clients with financial, industry and regional expertise needed to craft customized solutions to their problems. While the State will be served by a core financing team to ensure delivery of high quality service, the PFM Team professionals have extensive experience and leading expertise in the sectors that the State has near-term financial needs – transportation, education, water/state loan programs, public-private partnership (P3) evaluations, and management/budget consulting (OPEB, Worker's Comp, Medicaid). Included among our professionals are former state budget directors, credit rating analysts, investment bankers, public sector CFOs and school business managers. Further, two former Governors (Ed Rendell and Tom Ridge) sit on the PFM Board of Directors. This ensures the State has rapid access to the broadest level of expertise offered by any financial advisor.

PFM Pricing Group

Fundamental to ensuring the State receives the best pricing on any short or long-term financings is having rigorous strategies regardless of whether the sale is done on a competitive or a negotiated basis. The PFM Team has developed a systematic process for ensuring optimal pricing, regardless of strategy, and PFM has a dedicated, in-house bond Pricing Group that will join the core finance team to support the pricing of the State's bonds. PFM's Pricing Group operates completely independent of the underwriting of municipal securities by banks and securities dealers. The formation of PFM's Pricing Group provides centralized access to market information and trends, leverages our knowledge firm-wide for our clients' benefit, cultivates professional peer-to-peer relationships with underwriting desks, and fosters a better understanding of the internal workings of the underwriting process at the investment banks.

Technical Resources

In the ever-evolving financial markets, it is critical that the State work with the highest level of technical resources. The PFM Team has the technical capability to independently develop or analyze the different financing alternatives that the State considers and to efficiently implement a cost-effective approach. Our resources and analytic capacity are on par with any investment bank, they certainly exceed those of any other financial advisory group, and the State can be assured that it has access to state of the art evaluation tools in evaluating all financial alternatives and financial products. The PFM Team maintains the largest presence of any independent financial advisory firm in the nation and we will provide the State with an unmatched level of resources.

National Reach from a Local Team

In perhaps no other financial pursuit than bond finance is it more important for an entity's financial advisor to have both a local, regional and a national perspective. Investors and credit rating analysts have a national reach and the impacts of their views are similarly broad. By working on over 800 capital markets transactions every year, PFM can translate these national factors to the situations in West Virginia – our dedicated Pricing Group will work on every state transaction to provide independent pricing views and to support aggressive negotiations with underwriters.

Independence

The State can be assured that our recommendations will be in its best interest. As an independent financial advisor, we are free to recommend options that may not result in the sale of bonds. We are not a financial advisory team focused on developing bond transactions when such an approach is not best for our clients. The PFM Team has been, is and will always remain independent of conflicts of interest.

The PFM Team understands the financial advisory service needs of the State of West Virginia. We have always been free of the inherent conflicts of interest that would require underwriting firms to negotiate for



the benefit of the state with the very investment banks upon which they depend for bond allocations and associated compensation.

We are committed to providing the same level of dedicated, hands-on service that we have brought to many other States, state agencies, and large municipalities. We look forward to the opportunity to discuss our credentials with the State. Please let us know if we can clarify or add to any of the information in our proposal.

Sincerely,

Public Financial Management, Inc.


Dan Hartman
Managing Director


Lisa Daniel
Managing Director



I. Attachment A: Vendor Response Sheet



Section A: Staff



1. *Provide a proposed staffing plan and include a full resume for each consultant that will be assigned to the West Virginia account, resumes of other key personnel who may be involved in special projects for the State, and any regulatory actions taken or pending relating to each consultant. Also include any staff qualifications and experience in completing similar projects and copies of any staff certifications or degrees applicable to this project*

The team that PFM proposes to serve the State of West Virginia (the "State") is a very senior team that brings decades of relevant experience for State-level financings and the sectors in which the State is seeking funding. PFM organizes our staffing teams to fit the client's needs, both from a regional perspective for availability and understanding of the local economic and political issues, as well as sector specific expertise. We serve our clients by creating project teams comprised of experts in specific financing techniques, governmental businesses and geographic regions that work seamlessly together to deliver the best ideas and results for our clients.

Individuals assigned to the State's project team have been selected to meet the specific needs of individual clients. As the State's financing objectives may evolve to include new financing options, products, or sectors, PFM's team will incorporate additional resources from across our firm to meet the needs of the State and provide expertise beyond what traditional, small advisory firms can provide. As noted in subsequent questions, PFM's philosophy is to utilize the size and expertise of a larger firm to deliver better and more innovative ideas, and do it in a way that is highly responsive to client needs and timing. PFM's flexible project-oriented approach to staffing engagements enables us to bring the proper mix of resources and experience to bear on a given problem or transaction.

We are excited to have assembled a team specifically designed to provide the State with the talent, knowledge and resources to be especially responsive to your needs. To best serve the State, PFM proposes to dedicate a Primary Team, led by Lisa Daniel and Dan Hartman as Engagement Managers and Craig Robinson as Project Manager to interface with the State's staff on a regular basis. The primary team will be regularly supported by other PFM professionals who possess specific expertise as needed for this particular advisory assignment. Ms. Daniel and Mr. Hartman will be responsible for harnessing particular expertise as necessary for the State's projects and coordinating the project team. As Managing Directors and owners of the firm, they will guarantee accessibility to the State and the ability to leverage and bring the resources of PFM to bear for the State. Ms. Daniel, Mr. Hartman, Mr. Robinson and the PFM team assigned to the State commit to providing the necessary resources available throughout the term of the contract. We can also confirm that no regulatory actions have been taken or are pending relating to any of the consultants that will be assigned to the State.

Engagement Manager/Senior Advisor		
Lisa Daniel	Dan Hartman	
<i>Managing Director</i>	<i>Managing Director</i>	

Investment Management Team	Specialists	Project Management
Pension/OPEB	Transportation/P3 Expertise	Project Manager
Jim Link, <i>Managing Director</i>	David Miller, <i>Managing Director</i>	Craig Robinson, <i>Senior Managing Consultant</i>
Asset Management	State Revolving Fund Loans	Analytical Support
Nelson Bush, <i>Managing Director</i>	Lisa Daniel, <i>Managing Director</i>	Matthew Dempsey, <i>Senior Analyst</i>
Structured Products	Asset Securitization	Hannah Mayhew, <i>Analyst</i>
Matt Eisel, <i>Director</i>	Jim Haddon, <i>Managing Director</i>	
	Management & Budget Consulting	
	John Cape, <i>Managing Director</i>	
	Randall Bauer, <i>Director</i>	

Additional PFM Resources
FA Team Support
JoAnne Carter, <i>Managing Director</i>
Mike Harris, <i>Managing Director</i>
Lauren Lowe, <i>Director</i>
Linda Ginty, <i>Senior Managing Consultant</i>
Pricing Strategy
Todd Fraizer, <i>Managing Director</i>
Quantitative Strategies
Dan Kozloff, <i>Managing Director</i>

Dan Hartman

Managing Director

General Financial Advisory & Utility

Expertise

22 Years' Experience

Dan Hartman is a Managing Director in the Arlington, Virginia office. Mr. Hartman worked for PFM from 1991-2000, and rejoined the firm in 2006. Mr. Hartman works with large issuers nationally and oversees PFM's national utility financial advisory practice. He has served as a financial advisor to many of the largest municipal entities in the country, including the States of California and Kansas, as well as the City of Los Angeles, the District of

Columbia, the City of Orlando, the City of San Antonio, and the City of San Diego. Mr. Hartman has completed over \$50 billion in financings in the municipal market and has worked on some of the largest and most complex transactions to come to the municipal market. Mr. Hartman led PFM's efforts in 2011 for the national Bond Buyer Deal of the Year, a public/private partnership for the financing of 202 MW of wind energy by the Southern California Public Power Authority.

Mr. Hartman has particular expertise with the largest water, wastewater, and public power agencies in the country, including DC Water, the Los Angeles Department of Water and Power, the Metropolitan Water District, and the Philadelphia Water Department. As part of Mr. Hartman's client engagements, he has managed the development of complex financing plans for large capital programs, led educational workshops with Boards and elected officials, devised and implemented rating strategies for new and existing credits, and led pricing efforts for bonds and interest rate swaps.

On behalf of his municipal clients, Mr. Hartman has also provided expert witness testimony to legislative and regulatory bodies. Mr. Hartman is also a frequent speaker at public finance industry conferences and workshops.

Mr. Hartman served as a Managing Director with Citigroup Public Finance from 2000-2006, where he worked extensively with utility issuers.

Mr. Hartman received his Bachelor's Degree in Economics and International Relations from the University of North Carolina – Chapel Hill and a Diploma from the London School of Economics.

Lisa Daniel

Managing Director

SRF and State Pooled Program

Expertise

23 Years' Experience

Lisa Daniel joined PFM in 1999 and serves as the Director of PFM's State Revolving Fund and State Pool Program sector. Lisa serves as the primary project manager for Minnesota Public Facilities Authority's Clean Water and Drinking Water State Revolving Fund programs, New York State Environmental Facilities Corporation's Clean Water and Drinking Water State Revolving Fund programs and Kansas Development Finance

Authority's Clean Water and Drinking Water programs, California State Water Resource Control Board, Florida Water Pollution Control Financing Corporation, Louisiana Public Facilities Authority and Texas Water Development Board. For these clients alone, she has orchestrated the issuance of over 70 bond issues representing over \$11.3 billion since 2000. To further support these programs, she has supervised the development of customized transaction management models, including those designed to assess program capacity, measure default tolerance levels and design optimal capital financing structures. Her vast knowledge of program intricacies and the specific regulations governing tax exempt financings evolved from nine years spent with Ernst & Young's bond verification and arbitrage rebate practices.

In addition to her participation in PFM's national state revolving fund and state pool program practice, Ms. Daniel serves as the Engagement Manager to a host of State and local government entities providing them with a broad range of financial advisory services including financing structure strategies, rating agency relations, debt capacity analyses, new credit development, debt restructuring opportunities, investor relations and transaction execution, including services to the State of Tennessee, The Metropolitan Government of Louisville/Jefferson County, the Kansas Development Finance Authority, Louisville Regional Airport Authority, Metropolitan Nashville Airport Authority and Shelby County, Tennessee.

Prior to joining PFM, Ms. Daniel served as the Manager of the Arbitrage Rebate and Verification Group of Ernst and Young LLP, where she worked for nine years. Ms. Daniel grew up in New Orleans and moved

to Memphis to obtain a BA in Economics and Business Administration from Rhodes College in Memphis, Tennessee. She is a Certified Public Accountant (inactive).

Craig Robinson
Senior Managing Consultant
General Financial Advisory
11 Years' Experience

Craig A. Robinson joined PFM in 2011 and is based in the Arlington, Virginia office. Mr. Robinson provides financial advisory services to clients throughout Virginia including Bedford County, Fairfax County, Prince William County, Stafford County, City of Newport News, City of Hampton, City of Winchester, and the Virginia Department of Transportation Office Public-Private Partnership. Recently, Mr. Robinson helped Newport News

evaluate the risks associated with pension obligation bonds.

His present duties include the marketing of PFM products and services to the existing client base and prospects as well as the identification and evaluation of financing alternatives, restructuring opportunities, innovative financing solutions and management of debt transactions. His primary areas of focus are client development, project management, and financial analysis in PFM's Mid-Atlantic and Southern regions.

Mr. Robinson has 10 years of public finance experience in banking, corporate trust and new business development. Most recently, he was Vice President and Senior Sales Representative with BNY Mellon and was responsible for marketing corporate trust products and services to corporations, municipalities and not-for-profit organizations in West Virginia, Delaware, Maryland, Virginia, and the District of Columbia. During his career, he has served in a variety of capacities in both Corporate and Public Finance. In addition, Mr. Robinson is a member of and frequent instructor for the Virginia Government Finance Officers Association.

Mr. Robinson graduated from Virginia Commonwealth University with a Bachelor's of Science degree in Business Administration.

David Miller
Managing Director
Transportation Expertise
25 Years' Experience

David Miller, a Managing Director at PFM, is head of PFM's national transportation practice. He joined PFM as a Financial Analyst in 1988 and has been with the firm continuously for 24 years.

Major transportation clients have included many large and innovative financing efforts such as the North Carolina Turnpike Authority, which is proceeding to develop and finance five separate toll facility projects, and the South Carolina Transportation Infrastructure Bank. SCTIB, which is South Carolina's innovative SIB program, is an integral part of an overall financial plan for a multi-billion dollar highway infrastructure plan. Other highway/toll clients have included the Chesapeake Bay Bridge & Tunnel District, Hampton Roads Planning District Commission, the Orlando-Orange County Expressway Authority, the Lee County Toll Bridges System, and the Chesapeake Expressway toll road, and he continues to work with the City of Chesapeake on a US 17 Toll Bridge replacement of the existing obsolete crossing. He has researched extensively, and utilized when applicable, transportation innovative financing programs such as TIFIA, public-private project development, "shadow tolls" for FHWA, revolving loan structures for SIBs, and attributes of project revenue credits, among other relevant topics.

Mr. Miller is active in transportation privatization and P3 efforts. He specializes in toll and seaport financings and directly managed PFM's P3 engagements for the Maryland Ports Administration and the NC Turnpike Authority, among others. For MPA, he recently assisted in all aspects of the creative public-private financing for the Port of Baltimore Seagirt container terminal. He is PFM's engagement manager for NCTA's P3 development of the Mid-Currituck toll bridge project. Previous P3 work includes Jacksonville Port Authority for the Mitsui/TraPac container terminal and Osceola County for its public-private Osceola Parkway toll road.

Mr. Miller has broad multi-modal transportation finance experience. Seaport clients include Tampa Ports Authority, NC State Ports Authority and the Jacksonville Port Authority. Airport clients include the

Jacksonville Aviation Authority and the Norfolk Airport Authority. Mr. Miller has also managed significant financial planning efforts for multi-billion dollar transportation programs including the City of Jacksonville and its Better Jacksonville Plan, and Miami-Dade County and its People's Transportation Plan. Both the BJP and the PTP are multi-billion dollar sales and gas tax funded transportation programs. The PTP incorporated a comprehensive capital and operating plan for Miami-Dade County's bus and people mover system as well as its light rail expansion program.

Mr. Miller has served as lead financial advisor on engagements that have included over \$13 billion of new money and refunding debt structures secured by General Obligation, Sales Tax Revenue, Airport Revenue, Seaport Revenue, Toll Facilities, Tourist/Hotel Tax Revenue, Water & Sewer System Revenue, Solid Waste Facilities Revenue, Excise Taxes Revenue, and Gas Tax/Transportation Registration Revenue. Mr. Miller has advised on the use of fixed and variable rate debt, bank financing, lease structures, and swaps as well as the development of long-term capital planning models and asset-liability matching models for public infrastructure programs.

Mr. Miller received a Master of Public Administration Degree from the University of Central Florida, graduating with highest honors. He graduated with high honors from the University of Tennessee, Knoxville with a Bachelor of Science Degree in Finance from the College of Business Administration.

John F. Cape

Managing Director

State Budget and Public Policy

Expertise

40 Years' Experience

John F. Cape is a national expert on state budgets and public policy, with over 30 years' experience in the public sector.

Prior to joining PFM, Mr. Cape served as the Director of the Budget for New York State. As Director, he was New York's chief financial officer and the principal fiscal advisor to the Governor, heading the Division of the Budget, whose 350 staff members

oversee a \$113 billion operating budget and \$50 billion debt portfolio.

Mr. Cape began his State career in 1973, working as Municipal Management Consultant and Federal program manager before joining the Division of the Budget in 1980. During the following 26 years, he had the opportunity to oversee funding for virtually every State program area. He headed the Division's Federal Relations office, working with organizations including the National Governors Association advocating for changes and enhancements to Federal programs including Medicaid, Welfare and Transportation. After being named Assistant Director in 1997, he went on to oversee the State's, economic and revenue forecasting, tax policy, capital planning and finance, and cash management. He also directed the State's debt policy, including management and issuance of all State-related debt, Federal securities disclosure, and rating agency relations. The author of major budget reform and debt reform statutes, in 2000 he was promoted to Deputy Director, overseeing statewide budget planning, development, negotiation and execution, advancing to First Deputy in 2002 and Director in 2004. He also served as Chairman of the State's Public Authority Control Board and a Director of the Local Government Assistance Corporation.

A nationally known speaker on state fiscal and policy issues, and a recognized advocate for fiscal integrity and transparency, Mr. Cape serves as a Senior Fellow of the Rockefeller Institute of Government, is a Fellow of the State Academy of Public Administrators, and has served on the Executive Board of the National Association of State Budget Officers. He is the 2006 recipient of the Center for Technology in Government's Rudolph W. Giuliani Leadership Award, and recipient of the American Society for Public Administration's Charles Evans Hughes Award.

Mr. Cape received his Bachelor of Arts degree from the State University of New York Empire State College and pursued graduate study at the Rockefeller College of Public Affairs.

Mr. Cape is based in Albany and New York City, New York, and co-leads PFM's Strategic Consulting practice for state governments in conjunction with former State of Iowa Budget Director, Randall Bauer.

Randall Bauer

Director

State Government Expertise
15 Years' Experience

Randall Bauer joined PFM's strategic consulting practice in 2005, where he is co-leader of its state government practice. His clients have included the States of Georgia, Illinois, Minnesota, Nebraska, New York and Pennsylvania, and major local governments from Baltimore, MD to Colorado Springs, CO.

Prior to joining PFM, Mr. Bauer served for nearly seven years as Budget Director for the State of Iowa. In that capacity, he was Governor Thomas Vilsack's chief adviser for the State's \$12 billion budget as well as a senior adviser on tax and public finance issues. During Mr. Bauer's tenure, Iowa created a new results-focused budget process, implemented a performance reporting system, and developed a web-based budget system. Prior to his work as State Budget Director, Mr. Bauer served for over ten years as a senior analyst for the Iowa Senate with primary responsibilities on budget, tax, infrastructure and economic development issues.

Mr. Bauer has a Bachelor of Arts degree from Coe College, the Certified Public Manager designation from Drake University, and was a Fannie Mae Foundation Fellow at Harvard University's program for senior executives in state and local government. He has served as Vice President for Finance and on the Executive Board of the United States Chess Federation, as President of the Iowa Society of Certified Public Managers, and is a life member of the National Association of State Budget Officers, where he served on its Executive Committee.

James Haddon

Managing Director

Asset Securitization Expertise
20 Years' Experience

Jim joined Public Financial Management in October 2009. At PFM, Jim is a senior partner/Managing Director and is in charge of all marketing and new business activities for selected National accounts for both the asset management and public finance businesses. His responsibilities include: working with product and sector heads to determine National accounts targets and coordinating all new business activities to win mandates for PFM

from these accounts. He is member of the Firm's Strategic Planning Committee which evaluates and determines all future revenue growth initiatives either through organic and acquisition activities.

Prior to PFM, Jim was employed at Citi for over 15 years in various investment banking positions including managing West Virginia's \$911 million tobacco securitization deal, the largest Bond sale in the State's history. From November, 2008 to September 2009, Jim was a Managing Director in the Private Alternatives Distribution Group. His responsibilities within the Group were to be the Sales Manager for a 25 person global sales team, originate new placement mandates, and be a senior relationship manager for select high profile clients of the Group. The Private Alternatives Distribution Group was part of Citi's Alternative Investments Division and is responsible for raising private equity for third party and Citi originated funds for private equity, hedge, infrastructure and real estate investments.

Prior to this position, Jim worked from 1994 to 2008 as a Managing Director in Citi's Municipal Securities Division. In this role, Jim was a part of the Division's senior management team serving on the Planning Committee and as Co-Head of the Infrastructure/Transportation Group. In addition to managing a team of 20 bankers, Jim's responsibilities included providing investment banking and advisory services to large city and state issuers. Jim has structured financing to provide funds for stadiums, convention centers, roads, mass transit and water/sewer projects. His clients have included: Los Angeles; New York State; New York City; Detroit, Michigan; Virgin Islands; Texas; Louisiana; Chicago; Washington, DC; Atlanta; New Orleans; California; Iowa; and Virginia. During this period, Jim also coordinated Citi's new business efforts to gain lead underwriting assignments from state and local issuers seeking to securitize future cash flow receipts, such as tobacco settlement revenues. From 1999-2007, under Jim's leadership Citi was rated the #1 underwriter of tobacco settlement securitizations, having served as a senior manager for 19 issues totaling in excess of \$20 billion in par.

Jim received his MBA from the Stanford University Graduate School of Business in 1980 and his BA in Economics from Wesleyan University in 1976.



Mike Harris

Managing Director

Structured Products Expertise
25 Years' Experience

Michael Harris joined PFM in 1989 and founded PFM's Structured Products Group, which he has managed since its inception. Mr. Harris is active in PFM's effort to expand our pension and endowment advisory and management business. Through his participation in pension industry groups such as the National Association of Securities Professionals ("NASP"), and by leveraging PFM's national relationships and resources, Mr. Harris

is identifying and building relationships with minority- and women-owned advisory and investment firms. Mr. Harris has also pioneered efforts to involve minority- and women-owned broker/dealers in the purchase and sale of securities for specific clients whose policies require it. He now focuses his efforts on expanding PFM's footprint in providing Emerging and Minority Manager of Manager Services.

Mr. Harris has extensive experience developing and implementing innovative investment and asset/liability management strategies and is an expert in the structuring and procurement of financial products on both sides of municipal balance sheets. Mr. Harris has been responsible for the structuring and procurement of nearly \$75 billion of financial products since 2000. These engagements have involved primarily defeasance portfolios, structured investments, and diversified portfolios of fixed-income securities, which have applications as Liability Driven Investment ("LDI") Strategies in the pension arena.

Currently, Mr. Harris serves as Co-Chair of the NASP Institute Program Committee. The Committee partners with the CFA Institute to develop a trustee education curriculum which qualifies for Continuing Professional Education ("CPE") credits. Mr. Harris also serves as a Career Coach for the National Urban Fellows Leadership Conference. He has guest-lectured at events for the School of Public Affairs, Baruch College, City University of New York and Spelman College.

Prior to joining PFM, Mr. Harris worked in the Banking and Financial Services Unit of the Strategic Management Group, Inc., where his research focused on risk management and portfolio management strategies for money center banks. Additionally, Mr. Harris was a Market Analyst for Pansophic Systems, Inc., prior to their acquisition by Computer Associates, Inc.

In the community, Mr. Harris is Chairman of the Board of Directors for Hamilton Health Center and is also on the Advisory Board for the Harrisburg High School/Florida A&M "SBI" Prep Program. Previously, Mr. Harris has served as Chairman of the Board for PA HealthMate, Inc., the State's first pilot Medicaid Managed Care Program. He also served on the Needs Assessment Committee for the Regional Chapter of the United Way.

Mr. Harris is a graduate of the University of Pennsylvania with a dual degree in Economics and Political Science. He is a General Securities Registered Representative holding FINRA Series 6 and 63 registrations.

Jim Link

Managing Director

Asset Management & OPEB Expertise
24 Years' Experience

Mr. Link is a Managing Director with more than 24 years of experience in the asset management, institutional retirement, and related fields. As the Chief Marketing Officer ("CMO") of PFM Asset Management LLC, Mr. Link is responsible for ensuring that PFM is properly organized and engaged to win new business and to service existing clients. His specific responsibilities include new client opportunity identification and pipeline management,

collaboration with regional Managing Directors relating to client sales and service team development, and leadership of presentation, proposal, and collateral material development. Prior to his CMO role, he co- led the investment consulting practice at PFM, heading the Other Post-Employment and deferred compensation plan practices. Additionally, he has worked with numerous government employers to rationalize and modernize their retiree benefit plans to be sustainable, affordable, and sufficient.

Mr. Link has held senior sales, marketing, and client management roles at Wachovia/First Union, Manning & Napier Advisors and T. Rowe Price. He also held sales management, client services, and training roles at Prudential and VALIC. Apart from his work experience, Mr. Link is a regular instructor at

state Government Finance Officers Association ("GFOA") conferences and also speaks at various industry conferences and at training events. Of note, he has spoken on the State of Public Pension Plans at the 2009 National Conference of State Legislatures National Conference and was one of the keynote speakers on State and Local Government Finance at the 2009 National Association of Government Defined Contribution Administrators ("NAGDCA") Industry Roundtable. In addition to his speaking engagements, Mr. Link has also jointly authored industry-related publications for NAGDCA and for the GFOA's Government Finance Review magazine.

Mr. Link is actively involved in NAGDCA. He has served on the publication committee and is currently a Board Member on the Industry Committee.

Mr. Link is a graduate of Texas A&M University in College Station, Texas where he earned his Bachelor of Science Degree in Economics with a minor in Management. Mr. Link has also earned the Certified Employee Benefit Specialist designation awarded by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

Nelson Bush

Managing Director

Asset Management & OPEB Expertise

20 Years' Experience

Nelson Bush joined PFM Asset Management LLC in 1993. Mr. Bush focuses on providing investment advisory services to public entities and not-for-profit organizations in the Commonwealth of Virginia, Washington DC, and the Mid-Atlantic region.

Mr. Bush has helped thousands of PFM's clients in virtually every aspect of their banking and investment service needs including procurement and implementation of treasury management

services, design and adoption of investment policies, benchmarking investment performance, development and implementation of investment strategies, and discretionary management of public funds.

Mr. Bush currently helps municipal governments, operating authorities and institutions of higher education manage over \$4 billion of public funds including general operating funds, reserve funds, OPEB trusts, and bond proceeds. Mr. Bush provides these clients with regular reviews of portfolio performance, general economic and market updates, and assistance with the preparation of financial statements and disclosures.

Mr. Bush is a recognized expert on the management of tax-exempt bond proceeds and related arbitrage rebate issues and currently helps manage the proceeds of over 700 separate bond issues. Mr. Bush is the Program Administrator for the Virginia State Non-Arbitrage Program (VA SNAP). In this role, Mr. Bush helps Virginia political subdivisions like the City with the investment and tracking of bond proceeds in compliance with the IRS arbitrage rebate regulations.

Mr. Bush is member of and frequent instructor for the Virginia Government Finance Officers Association and Treasurers' Association of Virginia and regularly teaches classes on cash management, investment management and debt management.

Mr. Bush is a graduate of York College of Pennsylvania with a Bachelor of Science in accounting.

Mr. Bush holds series 6, 52 and 63 licenses from the Financial Industry Regulatory Authority, (FINRA).

Matt Eisel

Director

Escrow Structuring Expertise

8 Years' Experience

Matthew Eisel joined PFM's Structured Products Group in 2004. Mr. Eisel is the group's project manager and advises clients on the structuring, optimization, and procurement of bond proceeds investments including portfolios of fixed-income securities and structured investments. He also specializes in the structuring and procurement of refunding and cash defeasance escrow investments. Since joining PFM, Mr. Eisel has managed

approximately 660 escrow transactions involving over \$49.6 billion of assets.

In addition to his work on bond proceeds and escrow engagements, Matthew conducts training sessions for clients and newly hired consultants, serves as a technical resource to colleagues throughout the firm, and leads the analysis associated with tax controversy engagements on which PFM advises.

Mr. Eisel graduated magna cum laude from the Honors College at the University of South Carolina with a Bachelor of Science degree in Entrepreneurial Management, Finance, and Risk Management & Insurance. His volunteer work includes providing strategic and financial advice related to the construction and budget of a local health center that serves low-income individuals and families.

He holds the Chartered Financial Analyst designation, is a member of the CFA Institute and is a General Securities Registered Representative holding FINRA Series 6 and 63 registrations.

Todd Fraizer
Managing Director
Pricing Expertise
18 Years' Experience

Todd Fraizer is a Managing Director and leads PFM's Pricing Group, which provides pricing resources and negotiation support for PFM's clients nationwide, continually enhancing, expanding and centralizing the firm's bond pricing expertise. Since 2006, Mr. Fraizer has assisted in pricing hundreds of transactions totaling over \$100 billion of municipal bonds for PFM issuer clients.

Mr. Fraizer in his prior employment as the Vice President of Finance for the Kansas Development Finance Authority, served as the primary project manager for over \$2 billion of general purpose, higher education, pension obligation, transportation, and SRF transactions. Prior to that, Mr. Fraizer also gained futures and options trading experience while at the Kansas City Board of Trade.

Mr. Fraizer has a Bachelor of Arts in English Literature from the University of Kansas and a Masters of Business Administration, Finance from the University of Missouri-Kansas City. He is a CFA charter holder, as well as a member of the CFA Institute and the Charlotte Society of Financial Analysts.

JoAnne Carter
Managing Director
General Financial Advisory Expertise
20 Years' Experience

JoAnne Carter is a Managing Director based in the firm's Arlington, Virginia office. As a public finance generalist, Ms. Carter has assisted governmental entities at the local, state and federal level in a number of areas including financial planning, managing and executing municipal bond transactions, investment management, and arbitrage rebate compliance.

Ms. Carter has primary responsibility for the vast majority of PFM's financial advisory clients in Virginia. Ms. Carter advises a mix of cities, counties and authorities including the cities of Hampton, Newport News, Norfolk and Roanoke, and the counties of Arlington, Fairfax, Stafford and Prince William. She also advises Virginia Port Authority, Fairfax County Water Authority, and Hampton Roads Sanitation District. Ms. Carter provides these clients with a broad range of financial advisory services including identifying potential financing alternatives for various projects, preparing debt capacity analyses, evaluating debt restructuring opportunities, coordinating rating agency relations, and executing debt transactions. In addition, as part of the firm's Strategic Consulting practice, she contributed to the development and modeling of a multi-year strategic financial recovery plan for the District of Columbia and the execution of over \$500 million in long term and short term financings for the District.

Ms. Carter first joined PFM in 1992 and worked for two years as a Financial Analyst in the firm's Investment Management Group. In that position, she supported a number of PFM's state pooled investment and arbitrage compliance programs, reviewed investment policies and procedures of various municipal entities, developed computer based models to monitor and forecast portfolio cash flows, and structured refunding escrows and investment portfolios for public funds totaling over \$1 billion. In addition, Ms. Carter played a key role in providing investment management services to a variety of clients including the Commonwealth of Virginia Treasury Board (the Virginia State Non-Arbitrage Program (i.e. SNAP), the Metropolitan Government of Nashville and Davidson County (TN), the Chesapeake Bay Bridge and Tunnel District (VA) and Energy Northwest (WA).

Ms. Carter is a graduate of the School of Engineering and Applied Sciences at the University of Virginia where she received a Bachelor of Science degree in Applied Mathematics.

Linda Ginty
Senior Managing Consultant
Quantitative Expertise
15 Years' Experience

Linda Ginty is a Senior Managing Consultant based in Maryland.

Ms. Ginty started her career in the Quantitative Strategies Group, a team of consultants based at the corporate headquarters specializing in the maintenance and creation of complex analytical models. Ms. Ginty has contributed to the analytical support of several northeastern clients, including the budget analysis and the

development of a cash flow model for Nassau County, New York. Ms. Ginty became the lead senior managing consultant and a key advisor to Nassau County during their fiscal recovery.

Currently, Ms. Ginty provides financial advisory services to revenue authority and general obligation credits in Maryland. These services include capital planning, including debt capacity analysis and asset-liability management, managing and executing both negotiated and competitive bond transactions, coordinating rating agency and credit enhancer relations, and analysis of the use of derivative products. Ms. Ginty has also assisted clients in the development of debt and derivative policies.

Ms. Ginty has advised on transactions totaling over \$2.5 billion in par amount. The clients that Ms. Ginty currently serves include Montgomery County, MD, the Montgomery County Revenue Authority, Montgomery County Community College, Howard County, MD and Lower Merion Township Pennsylvania.

Ms. Ginty graduated from Truman State University, with a Bachelor of Science in Business with a concentration in management.

Lauren Lowe
Director
State-Level Expertise
9 Years' Experience

Lauren Lowe joined PFM in 2004. Throughout her time with PFM, Lauren has provided technical and analytical support for a variety of clients including State, County, City, Public Power and Utility System and Airport clients. Ms. Lowe is involved in analytical analysis as well as transaction management on debt transactions and structuring, strategic planning, pricing and cash flow analysis to her clients, as well as debt structuring of over \$4.5 billion in

debt. Her experience includes Airport Revenues, Gas Taxes, Water, Sewer and Solid Waste System Revenues, Infrastructure Sales Surtax, General Obligation and Capital Revenue Transactions.

Ms. Lowe has developed and maintained complex cash flow models (Transportation-Toll Facilities) and capital improvement plans for the clients she has served at PFM. Other analyses completed by Ms. Lowe include debt capacity analysis and effective capital structure. Ms. Lowe serves as the project manager to the several clients but her primary focus has been her project management for the State of Tennessee.

Ms. Lowe graduated from Mississippi State University where she received a Bachelor of Science degree in Business Administration with a major in Finance.

Daniel Kozloff
Managing Director
Quantitative Strategies Expertise
14 Years' Experience

Daniel Kozloff is a Managing Director in PFM's Philadelphia office and Manager of the Quantitative Strategies Group, which comprises a dedicated group of professionals who provide primary technical, new product, transactional, and modeling expertise for PFM's clients. The Quantitative Strategies Group is also responsible for the preservation and development of the proprietary analytical tools used throughout PFM's various

business practices. Additionally, as Manager of the Quantitative Strategies Group, Daniel oversees PFM's firm-wide training program, which includes comprehensive sessions for new hires, current employees, lateral hires, and clients. Daniel also leads and manages PFM's Research Group, which

provides a centralized source of data, information and research for PFM's national Financial Advisory practice.

After joining PFM in 1999, Daniel has worked in multiple areas of Public Finance, including transactional support, technical and quantitative analysis, and management and budget consulting.

Mr. Kozloff has a Bachelor of Arts degree in Political Science from the University of Pennsylvania.

2. *Please list the total number of financial advisory consultants that your firm employs. Please describe the respective seniority of each consultant. Please indicate the number of clients for which each consultant is responsible.*

PFM is comprised of over 490 professionals in 33 offices throughout the United States. Like many states across the country, West Virginia continues to face myriad financial matters, including issues related to transportation needs, school construction, proposed public-private partnerships, workers compensation, OPEB liabilities, among others. To accommodate this range of issues, PFM has staffed and organized itself accordingly, with geographically oriented advisors teaming with sector specific experts (including financial advisory consultants who focus solely on transportation, public-private partnerships, water and power, state revolving loan programs, health care, asset securitizations, among many other specific practice areas.) PFM also employs individuals in specialized functions, such as the Pricing Group and Structured Products Group, which advise all PFM clients in highly specialized areas, such as bond transaction pricing or the procurement of escrow and construction fund investments.

The number of clients for which each financial advisory consultant is responsible varies based on the type of client and the nature of the engagement. Additionally, PFM prides itself on its mix of general municipal and industry-specific consultants. The general financial advisory consultants ("generalists") are focused on providing PFM's full range of financial advisory services to a specific group of clients located in one particular State or region. This consultant – client relationship enables these PFM professionals to develop a deep understanding of the financial matters particular to that region so as to better serve their state and local clients. Generalists are responsible for anywhere from three to upwards of ten clients, depending on the specific needs and commitments associated with each locality. The PFM professionals who specialize in a particular field of municipal finance will generally service clients across the county, but will focus on providing only those services directly related to their specific expertise. The client base for PFM's specialists is much broader than that of PFM's generalists, but the nature of the engagement with each client usually entails a more hyper-focused and acute set of tasks and outputs.

As of April 2013, PFM has 496 employees across the entire firm. Of these nearly 500 employees, approximately 200 of the firm's employees are financial advisory consultants working directly with clients. Below are brief job descriptions for the positions that provide advisory services for our clients. As is indicated in the title, Managing Directors and Directors have the most seniority, experience and expertise at PFM, followed by Senior Managing Consultants and then the Senior Analysts and Analysts.

Managing Director / Director. Managing Directors and Directors are responsible for managing client relationships, which involves working directly with clients to define their goals and managing PFM's resources to ensure these goals are achieved. The majority of PFM's Managing Directors and Directors have well over ten years of public finance experience. Managing Directors are also owners of the firm.

Senior Managing Consultant. Senior Managing Consultants develop financial solutions and assist with the coordination of activities associated with the execution of client engagement projects. The position requires a minimum of six years of experience in public finance.

Senior Analyst / Analyst. Analysts develop complex models and financial analyses, prepare reports, proposals and presentation material, and conduct research. Experience typically ranges from one to five years.

Below we outline the number of clients for which each member of the proposed State project team is responsible.

State of West Virginia Project Team			
Team Member & Seniority	Nature of Service	Years Experience	Number of clients
Local Day-to-Day Team			
Dan Hartman Managing Director	Co-Engagement Manager	22	8
Lisa Daniel Managing Director	Co-Engagement Manager	20	11
Craig Robinson Senior Managing Consultant	Project Manager	11	8
Technical Support Team			
John Cape Managing Director	Management and Budget Expertise	30	15
Randall Bauer Director	Management and Budget Expertise	20	15
David Miller Managing Director	Transportation & P3 Expertise	25	11
Todd Fraizer, Managing Director	Pricing Expertise	15	N/A ¹
Nelson Bush Managing Director	Investment Expertise	20	N/A ²
Mike Harris, Managing Director	Structured Products Expertise	24	N/A ³
Matt Eisel Director	Structured Products Expertise	9	N/A ⁴
Jim Haddon Managing Director	Asset Securitization Expertise	25	2
Dan Kozloff Managing Director	Quantitative Strategies	20	N/A ⁵
JoAnne Carter Managing Director	General Financial Advisory Expertise	20	11
Lauren Lowe Director	State Level Expertise	9	10
Linda Ginty Senior Managing Consultant	State Level Expertise	15	8
Matt Dempsey Senior Analyst	Analytical Support	3	8
Hannah Mayhew Analyst	Analytical Support	2	8

1. Manages all bond pricing activity.
2. Manages over \$4 billion of public funds for hundreds of clients.
3. Serves in oversight at management capacity
4. Manages all one-time investment transactions.
5. Provides quantitative analytics and analysis for all clients.



Section B: Company Background



1. Describe your firm's background and history in providing services requested herein. This should include descriptions of past projects completed, the location of the projects, project manager names and contact information, type of projects, and what the project goals and objectives were and how they were met.

Over its thirty-eight year history, PFM has built a solid presence in the municipal marketplace. PFM was founded on the principle of providing independent financial advice to state and local governments and other tax-exempt entities. PFM stands apart from other independent financial advisors when combining par value and number of transactions. Among the nationally known financial advisory firms, only PFM combines the experience gained in completing large numbers of transactions with the sophistication and analytic capability required to bring high par value transactions to market. As a result, PFM has been the top-ranked financial advisor nationwide in each of the last 15 years.

Value of Top Rankings Nationally. As the largest financial advisory firm, PFM has the ability to solve our clients' intractable problems by using our market

power to move the agenda. Our constant participation in the markets only serves to further enhance our ability to do so. PFM serves as financial advisor on many of the largest transactions brought to market each year – often involving intricate financial plans, the sale of sophisticated securities, high-end quantitative modeling and complicated tax analysis.

Our managing of such complex transactions ensures that PFM remains on the cutting edge of the public finance industry. Our clients benefit from our ability to optimize their financings using the complete array of structures, securities and available techniques.

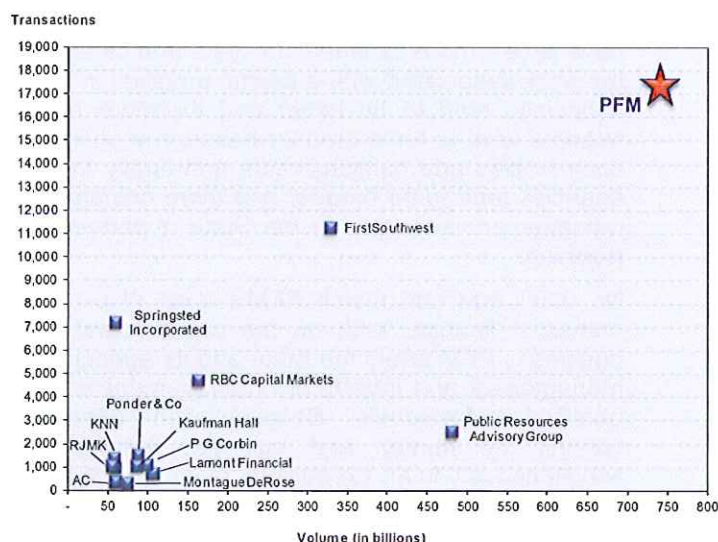
PFM has developed a broad and deep network of capital market professionals with whom we interact. This network of investors, underwriters, bankers, credit specialists and lawyers allows us to provide our clients with fresh market information. We know the preferences of the investor community and the financial and credit structures that are currently best accepted. We know which investors are active buyers, the types of securities they currently prefer, and the maximum price they are willing to pay for a given security.

Additionally, we know what constitutes reasonable compensation levels for other professional services rendered during the transaction. With this current information, PFM can structure transactions to minimize our clients' cost of borrowing. Again, among independent financial advisors, only PFM participates in the capital markets so broadly.

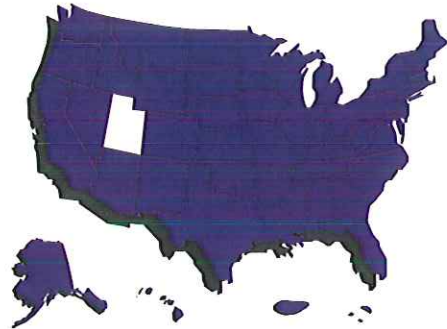
Our True Success is Behind the Numbers. Although rankings provide a shorthand method of measuring success, the length of service and level of satisfaction we provide our clients is a better indicator of true success.

At PFM, we view our longstanding association with many of our clients as an affirmation of our ability to service their needs thoughtfully and efficiently. We are committed to ensuring our clients' interests are protected and their goals are achieved.

1986 - 2012 Financial Advisory Experience
Volume/Experience Matrix
National Financial Advisory Rankings
Source: Thomson Reuters



State Level Expertise. Since 1989, PFM has made a major commitment to serving states and statewide agencies and has consequently developed a resume of extensive experience advising these types of entities throughout the country. PFM's services to state-level issuers span across 49 states, commonwealths and territories.



We believe states and statewide agencies are different from local governments and therefore require unique expertise and resources. In general, state governments have larger, more experienced staffs that can do much of the work associated with a capital program in house; the financings tend to be larger and therefore attract more national investor interest; the revenue streams tend to have broader bases; the political and public policy issues tend to involve multiple communities and constituencies and finally the credit issues associated with state and statewide agencies tend to be broader and more complex. PFM's services go beyond traditional transaction management and provide the State a partnership and resource for continued strategic financial planning.

No other firm can match PFM's level of experience or our record of innovation in the field of municipal finance, both on the capital creation and the investment management sides of the business. PFM offers the State and its agencies a comprehensive range of financial planning, debt management and investment management services from a staff of expertly trained and uniquely qualified professionals. Because of the depth and experience of our professional staff, we can commit the human and business resources necessary to move several projects ahead simultaneously in an expeditious manner, and assure the State that program implementation will be coordinated and timely, that senior financial advisory professionals will be available at all times and that the professional advice given will be independent of hidden agendas based upon current market information.

Since January of 2008, PFM has served our state-level clients (State and State Agencies) on 1,370 projects with a total dollar volume of over \$148 billion in 39 states, including the District of Columbia.

Below is a representative list of some of our work for State Clients.

Alabama

- Served as financial advisor for over 20 debt issues for the State and State related agencies.
- Assisted the State through the J. P. Morgan litigation and the resulting negative outlook from one of the rating agencies.
- Worked with the State during the months leading up to the Jefferson County bankruptcy filing
- Developed a first of its kind pooled financing program for thirty-seven Public Housing Authorities in Alabama to provide funds for needed repairs and renovations for over 6,899 housing units across the State.

Alaska

- Advised on the structuring and pricing of Certificates of Participation issues for correctional facilities.
- Financial Advisor to the University of Alaska bond issues for capital improvements.
- Aided in the development of comprehensive debt management policies and debt burden ratios.
- Financial Advisor for student loan program of the Alaska Student Loan Corporation.

Arizona

- Provided arbitrage rebate services for Student Loan Finance Corporation.
- Evaluated feasibility of a privately developed toll loop for the Arizona Department of Transportation (DOT). Reviewed Arizona DOT business practices, capital structure and funding procedures. Also provided asset management and arbitrage rebate services.
- Assisted State of Arizona Wastewater Management Authority with bond issue to finance the State Revolving Loan Fund.

Arkansas

- Managed bond issues for the Arkansas State Highway Commission.
- Financial Advisor to the Arkansas Department of Transportation.

California

- Financial Advisor to the California Health and Higher Education Facilities Financing Authority.
- Financial Advisor to the California Housing Finance Authority for statewide economic development bond pool.
- Investment advisor to the California Asset Management Program (CAMP) with over \$1.8 billion of assets under management as of March 31, 2013.

Colorado

- Developed low interest Title VI leveraged State Revolving Fund program for Water.
- Developed bond bank to fund small water development projects.

Connecticut

- Served as Financial Advisor to the Connecticut Development Authority, Connecticut Health Facilities Financing Authority, and Connecticut Higher Education Supplemental Loan Authority.

Delaware

- Financial Advisor to the State of Delaware on its General Obligation Bonds and Qualified Zone Academy Bonds, Transportation System Senior and Junior Revenue Bonds, consisting of 16 transactions totaling \$1.8 billion
- Provide on-going financial analysis, modeling and management of rating agency relations for this highly rated state (Aaa/AAA/AAA).

Florida

- Advised in all areas to Division of Bond Finance, assisting with debt capacity studies, study on pricing of costs of issuance, and State Revolving Fund issues.
- Structuring and sale of Turnpike Revenue Bonds and State Education Bonds.
- Restructuring of Consolidated Equipment Financing Program.
- Financial Advisor to the Florida High Speed Rail Commission

Georgia

- Performed fiscal & structuring analysis of toll revenue vs. general obligation bond financing for State highway system through the Georgia Department of Transportation.
- Financial Advisor to the State on combined competitive new money and refunding issue.

Hawaii

- Performed debt capacity analysis and explored options for leveraging State Home Lands Trust, including a review and analysis of debt program.
- Developed debt management policies and State capital planning model.
- Financial Advisor on State of Hawaii, Airport System Revenue Refunding Bonds
- Completed feasibility study for Hawaiian Homelands Commission to evaluate leases intended to support a revenue bond issue which will provide for affordable housing and infrastructure improvements.

Illinois

- Financial Advisor on multiple bond issues for the State of Illinois.

Indiana

- Provided arbitrage rebate services for Indiana Bond Bank.

Iowa

- Managed bond issues for the State of Iowa, including their \$900 million tobacco securitization financing.
- Financial Advisor to Iowa Finance Authority, the State's manager of the Clean Water and Drinking Water SRF programs.

Kansas

- Developed plan of finance for a multibillion capital improvement program for the State of Kansas Department of Transportation
- Financial and Investment Advisor for the state revolving funds managed by the Kansas Development Finance Authority.

Kentucky

- Escrow restructuring for the State general obligation bonds.

Louisiana

- Financial Advisor to Louisiana Insurance Guaranty Association on bond issue to fund insolvent insurer's claims payments.

Maine

- Reviewed outstanding debt structure of the State.
- Developed recommendations regarding use of moral obligation pledge.
- Assisted in analyzing feasibility of tobacco securitization for the State of Maine.

Maryland

- Served as P3 advisor to the Maryland Port Authority resulting in Seagirt Terminal concession
- Developed and implemented a financing program for Baltimore Orioles Stadium for Maryland Stadium Authority.
- Financial Advisor on debt management and bond sales for Maryland Department of Transportation & Maryland Transportation Authority including GARVEEs, toll system revenue bonds and airport passenger facility revenue bonds .
- Assisted with issue of Revolving Loan Fund Revenue Bond issue for the Maryland Water Quality Financing Administration.

Massachusetts

- Managed bond sales, administer bond bank, and operate bond proceeds investment pool for Massachusetts Health and Educational Facilities Authority and Education Loan Authority.
- Managed various projects for the Massachusetts Health and Educational Facilities Authority including refundings and new construction issues for colleges and hospitals.

Michigan

- Financial Advisor to the Michigan Department of Treasury on its State trunk Lind Fund Bonds, Comprehensive Transportation Bonds and the Blue Water Bridge Financing.
- Investment Advisor to the Michigan Liquid Asset Fund (MILAF).

Minnesota

- Reviewed and recommended enhancement of Title VI leveraged State Revolving Fund program and resulting sale of bonds for State Public Facilities Authority.
- Structured and assisted with pricing of bonds for Minnesota State Colleges and Universities.
- Financial Advisor for the Minnesota Higher Education Services Office.
- Structured the sale of competitive GO refundings for state.

Mississippi

- Analyzed debt capacity of financing alternatives.
- Reviewed credit factors and devised rating strategy.

Missouri

- Managed bond issues for the State of Missouri.
- Financial advisor to the Missouri Department of Highways and Transportation.
- Financial advisor for bond deals, financial analysis, draft legislation and creating specialized models for client's internal use.

Montana

- Managed bond issues for the Montana Department of Natural Resources & Conservation, the Montana Facility Financial Authority, and the Montana Higher Education Student Assistance Corporation.
- Provided arbitrage rebate services for the Department of Natural Resources.

Nebraska

- Managed bond issues for the State of Nebraska.

Nevada

- Managed bond issues for the State of Nevada.

North Dakota

- Managed State Revolving Fund bond issue for the State of North Dakota.
- Financial advisor for appropriation backed credits and fee-backed securities for the North Dakota Building Authority.
- Analysis of the desirability of initiating a GARVEE program with the North Dakota Student Loan Trust.

New Jersey

- Developed and implemented plan of financing including commercial paper and fixed rate bonds to fund water distribution system for Water Supply Authority.
- Policy and financial analysis of privatization of PATCO High Speed Line.
- Restructuring and sale of debt for New Jersey Turnpike.
- Manage bond sales for Health Care Finance Authority.

- Performed study for New Jersey Transit Corporation to evaluate alternative strategies for gaining State assistance.
- Evaluated and revised state reimbursement regulations for Health Care Facilities Finance Authority to create a method to overcome disincentives to local hospitals which were refinancing in order to reduce debt costs.
- Advisor to the New Jersey Wastewater Treatment Trust, the State Revolving Fund.

New Mexico

- Assisted with debt issues for the State of New Mexico including a severance tax refunding and a private placement for the emergency 911 communications. Developed long term capital plan to determine how to fund proposed construction over the next 20 years.
- Investigated potential revenue sources for development of New Mexico Rapid Rail project.
- Financial Advisor to the New Mexico Finance Authority.
- Structured and sold 7 state general obligation and severance tax bond issues through competitive sale, 2 through negotiated sale and rating strategy that resulted in upgrades from both rating agencies.

New York

- Advised State Division of the Budget on debt policy, use of variable rate debt, insurance capacity.
- Advised on use of swaps, developed swap guidelines, analyze State swap counterparty exposure.
- Swap advisor on over \$2 billion notional amount of state supported debt.
- Financial advisor on State service contract, dedicated tax and personal income tax credits.
- Financial advisor on states Certificate of Participation program.
- Developed innovative approach to finance \$1 billion subway car purchase, saving State MTA nearly \$200 million.
- Advised state control board that supervises City of Buffalo on debt structure and transaction management.
- Financial advisor to the New York State Environmental Facilities Authority on the issuance of over \$4.8 billion of debt for four different programs.

Ohio

- Managed bond issues for the State of Ohio, including over \$1 billion tobacco settlement financing for the Buckeye Tobacco Settlement Financing Authority
- Advisor to State Treasurer on arbitrage related matters.
- Financial Consulting on Fleet Master Lease for the Department of Administrative Services.
- Financial Consulting on bond issues for the Department of Transportation.
- Financial Advisor for proposed restructuring of debt of Ohio Turnpike Commission and to ODOT for Transportation Improvement District pooled financing.

Oklahoma

- Financial Advisor for the Water Resources Board.
- Assisted with the development of a leveraged, cross collateralized structure for the state revolving fund program.
- Financial Advisor Oklahoma Transportation Authority.

Oregon

- Developed and managed rating upgrade program for the State.
- Developed administrative and debt issuance procedures for Treasurer for Housing, Educational and Cultural Facilities Authority. Manages Authority bond issues.
- Conducted credit analysis for the Oregon Economic Development Department.
- Aided in the establishment of two Oregon Bond Banks

- Financial advisor to Oregon Department of Transportation (ODOT). Conducted biannual studies of long-term financial implications of statewide road conditions and revenues. Prepared strategic plan for ODOT long term capital program. .

Pennsylvania

- Managed Bond issues for the Commonwealth of Pennsylvania totaling over \$14 billion.
- Debt policies for timing and size of borrowing for the State of Pennsylvania in order to achieve an AA rating.
- Developed Title VI leveraged State Revolving Fund program and State funded program.
- Conducted study for the Pennsylvania Department of Transportation to develop mechanisms to expand private sector involvement in the financing of mass transit. Managed Turnpike Revenue Bond program.
- Managed student loan financings for Higher Education Assistance Agency.
- Investigated alternative methods of financing to allow the Hospital Association of Pennsylvania to provide loans for purchase of equipment.

Puerto Rico

- Financial feasibility of developing private toll road for Highway Authority.

Rhode Island

- Developed Title VI leveraged State Revolving Fund program for newly created Clean Water Protection Agency.
- Assisted in a refinancing and bond sale for Rhode Island Health and Educational Building Corporation. Also provided general consulting services.

South Carolina

- Advisor to State Treasurer on all arbitrage related matters.
- Financial Advisor to the South Carolina Department of Transportation.

South Dakota

- Managed bond issues for the State of South Dakota.

Tennessee

- Financial Advisor on bond issues for the State of Tennessee
- Financial Advisor to the State Funding Board (GO debt), the State School Bond Authority (higher education), and the State Local Development Authority (pool financing program for local governments) since 1998.
- Developed debt policy and swap policy
- Developed recommendations regarding pension reform and sustainability strategy

Texas

- Managed bond issues for the Texas Department of Housing & Community.
- Managed bond issues for the Texas Dormitory Finance Authority.

Vermont

- Managed bond issues for the Vermont Housing Finance Agency.
- Managed bond issues for the Vermont Educational and Health Building Financing Authority.

Virgin Islands

- Debt management and investment policy guidelines for the Virgin Islands. Developed long-term and immediate steps necessary to upgrade bond ratings.
- Developed Public Finance Authority to rebuild capital market access.
- Developed and implemented transportation trust fund; water desalination plant, electric generation and insurance excise tax financing programs.

- Sale of 5 issues in excess of \$600 million of general obligation matching fund bonds.

Virginia

- Served as financial advisor for various agencies, including Virginia Public Building Authority, Virginia Public School Authority, Virginia College Building Authority, Virginia Port Authority, Virginia Resources Authority and Virginia Department of Transportation
- Investment Manager to the State Non-Arbitrage Program (SNAP) with over \$3.9 billion of assets under management as of March 31, 2013.
- P3 advisor to VDOT Office of Public-Private Partnerships (P3).

Washington

- Developed and completed sale of the State's first master lease program for State Treasurer's office.
- Developed debt policies regarding lease purchase financing program.
- Advisor to State in bond issue to finance the construction of state headquarters for the Department of Ecology.
- Advisor to Energy Northwest on multi-billion dollar refinancing program.
- Financial Advisor to the Washington Department of Transportation.

West Virginia¹

- Completed investment study for the West Virginia Parkways Authority.
- Served as Financial Advisor for the development of a revolving fund program for economic development (West Virginia Water Development Board).

Wisconsin

- Developed Title VI leveraged State revolving Fund Program for State Clean Water Fund.
- Managed 1.7 billion Pension Obligation Bond financing. Advisor to State's Equipment Lease Program.
- Financial Advisor to Wisconsin Intergovernmental Transfer Program.

¹Completed by PFM personnel while at Evensen Dodge (acquired subsequently by PFM)

The following are case studies for past projects completed by the PFM employees that will be assigned to the West Virginia team.

State of Tennessee

PFM Team Member(s): Lisa Daniel, Lauren Lowe, Todd Fraizer, Jim Link

Client Contact:

Mary-Margaret Collier, *Director of State & Local Finance*
615-747-5370
mary.margaret.collier@cot.tn.gov



PFM has served as financial advisor to the State of Tennessee for fourteen years. As the State's advisor, PFM supports the structuring and issuance of all general obligation debt issued by the Tennessee State Funding Board. As financial advisor to the State, we have worked with the State to issue and structure over \$3.86 billion on 25 financings of general obligation debt.

Most recently, PFM assisted the State to plan, structure and access the market with a \$449,070,000 refunding of 6 prior issues achieving \$34,031,000 present value debt service savings and an additional savings of \$567,000 in rough escrow optimization.

Our firm's knowledge and expertise in this area proved especially valuable this past year as the State successfully defended its triple A rating status after Moody's placed the State on negative watch pursuant to the Sovereign downgrade.

PFM has also assisted the State to develop the State's own Refunding Policy and the Debt Policy and Swap Policy guidelines issued by the State for Tennessee municipalities.

PFM also advises the Tennessee State School Bond Authority ("TSSBA"). TSSBA's purpose is to finance capital projects for public institutions of higher education located in Tennessee (The University of Tennessee System and the Tennessee Board of Regents) and to finance projects approved pursuant to the Qualified Zone Academy Bond Program and Qualified School Construction Bond Program of the federal government for local education agencies. As financial advisor to TSSBA, we have worked with the State to issue and structure over \$2.07 billion on 23 financings for education projects in Tennessee. PFM has also completed a special report that evaluated and analyzed how higher education academic facilities are funded at the State. This report included analysis of the funding gap between historical funding levels compared to future needs as well as identifying financing alternatives and other state-level higher education systems practices.

PFM also advises the Tennessee Local Development Authority ("TLDA"). TLDA is responsible for issuing bonds and notes to provide funds to make loans to local governments for water, sewer and solid waste resource recovery facilities. As financial advisor to TLDA, we have worked with the State to issue and structure over \$606 million on 15 financings.

The State has also utilized PFM's specific areas of expertise related to strategic consulting and pension benefits. In a recent study, PFM's Strategic Consulting Group reviewed the State's practices for contingency budgeting and use in its capital projects; reviewed data sources and information that were available to analyze capital project information. PFM made recommendations as to changes in practices, processes, and data collections and reporting that will assist the State in improving its practices and create a more efficient use of capital funds. PFM was also engaged to review local government options for the State to offer its political subdivisions in a comprehensive package of retirement plan platforms to be offered to newly hired employees.

PFM provides the State investment advisory advice and serves as a procurement agent for Reserve Investments, Escrow Portfolios, QSCB Sinking Funds for Tennessee related State entities.

Commonwealth of Pennsylvania

PFM Team Member(s): Dan Kozloff, John Cape, Randy Bauer, Todd Fraizer

Client Contact:

Peter Tartline, *Executive Deputy Secretary*
717-787-4472
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PFM has served as the financial advisor to the Commonwealth of Pennsylvania for nearly a decade, spanning across two separate leadership administrations. Our role advising the Commonwealth has been comprehensive, including traditional debt and transaction management services as well as complex budgetary and management analyses of activities ranging from privatization opportunities to welfare reforms aimed at maximizing federal reimbursements.

A common attribute of our service to the Commonwealth has been tangible results. For example, in our financial advisory work for the Commonwealth, we helped to achieve over \$226 million in debt service savings through timely refundings, in conjunction with \$6.3 million of benefit from the structuring and competitive procurement of open-market refunding escrow portfolios. In our consulting assignments, we contributed to high-priority initiatives ranging from Liquor Control Board (LCB) privatization analysis to State employee bargaining and interest arbitration, while our work improving fiscal administration for county-level child welfare programs has drawn down more than

\$130 million in new Title IV-E funding and helped to successfully address a federal audit failure that had led to the deferment of over \$100 million to the Commonwealth. We have elaborated on our service to the Commonwealth below.

Debt & Transaction Management. PFM has supported the Commonwealth for nearly a decade in the management of its General Obligation debt portfolio and in providing general financial advisory services. During this period, we have successfully executed 22 long-term debt transactions, including 10 refundings, and an additional two TANs for a total of \$15.70 billion – including some of the largest competitive sales in the nation. These issues have included numerous types of financings, such as tax-exempt, taxable Build America Bonds (“BABs”), long- and short-term, and new money and refundings. Several refundings involved complicated debt structuring that required significant coordination to ensure the proper simultaneous purchase of escrow investment securities. Throughout this partnership, PFM has assisted the Commonwealth in capturing market-related opportunities to achieve significant cost savings across the Commonwealth’s General Obligation debt profile.

PFM constantly monitors the Commonwealth’s debt portfolio using proprietary, internally developed analytic models to ensure that the Commonwealth is aware of and in a position to act on emerging opportunities. PFM has worked with the Commonwealth to bring approximately \$3.5 billion of refunding transactions to market, adding value through our market insight, dedicated Pricing Group, and the capability of PFAM’s Structured Products Group to structure and competitively procure escrow securities to enhance refunding economics. In addition to the \$226 million of cash-flow savings generated through these refinancings, PFM has worked with Commonwealth staff to structure and target savings into years that provided relief from expected budgetary pressures through the use of innovative structuring concepts and high-end optimization models, while also taking into account capacity for future capital needs. A central element to our optimization of refinancing savings has been the focus of a dedicated Structured Products group. Since 2003, this group has structured four open-market, competitively bid escrow portfolios for the Commonwealth that have generated in excess of \$6.3 million of benefit over portfolios structured exclusively with United States Treasury Securities, State and Local Government Series (“SLGS”), including savings from escrows restructured on an intra-day basis.

In 2012 PFM served as the sole financial advisor to the Commonwealth’s \$2.8 billion Unemployment Compensation transaction. This transaction, comprising 3 tranches as well as an interim financing component utilized innovative structures and priced at very aggressive levels for transactions of this type, saving the Commonwealth and the employers and employees throughout Pennsylvania over \$140 million over a four year period. PFM’s role as independent financial advisor was integral to all aspects of the transaction, beginning with drafting of the authorizing legislation, assisting the selection of the financing team, running analysis to optimize and determine structural options, and culminating with negotiating pricing levels on behalf of the Commonwealth. It is through this type of thorough and in depth partnership with our clients that we are able to provide significant value that manifests in a multitude of areas.

Rating Agency Relations. PFM plays an active and leading role in assisting the Commonwealth in its communications and relationship with the rating agencies. Despite ongoing credit pressure in the state sector, Pennsylvania has remained relatively stable from a ratings perspective with ratings of Aa2/AA/AA+. The Commonwealth’s financial management and relationship and interactions with the rating agencies play a large role in this measure of stability, however PFM has provided regular insights into the tumultuous developments at the rating agencies over recent years, which we view as an important ingredient in sustaining successful standing with the rating agencies and helping our client navigate the ever- and fast-changing views and methodologies of the rating agencies..

Management & Budget Consulting. During our tenure as the Commonwealth’s financial advisor, PFM has delivered significant non-transactional advice to the Commonwealth on a wide range of budgetary and management concerns, including:

- Evaluation of privatization options for the Pennsylvania Liquor Control Board, including the development of detailed fiscal and programmatic impact assessments now informing current legislative consideration;
- Assistance with county-level financial administration reforms for the Department of Public Welfare Office of Children, Youth, and Families, drawing down more than \$130 million in new IV-E federal funding since FY2008-09 to effectively reduce state Act 148 expenditures, and helping to successfully resolve a Title IV-E federal audit failure that had led to the deferment of over \$100 million in funding to the Commonwealth;
- Expert testimony on fiscal constraints and comparative compensation in interest arbitration involving the State Police, Corrections Officers, Park Police, Capital Police, and Game Conservation Officers spanning three rounds of collective bargaining. To address the impact of two recessions during this period, the Commonwealth established and expanded health care premium cost-sharing, and negotiated multiple wage freezes;
- A range of other assignments, including development of a sophisticated model for evaluating student-centered approaches for education funding, financial analysis of cyber charter schools, financing analyses for transportation and economic development initiatives, and an assessment (ongoing) of opportunities to improve revenue estimation practices; and,
- Organizational assessment of the Pennsylvania Public Utilities Commission (PUC), conducted via a separate engagement, which has contributed to outcomes including dramatic reductions in the backlog of complaints in the PUC Bureau of Consumer Services.

North Carolina Turnpike Authority / North Carolina DOT

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The North Carolina Turnpike Authority, which is part of the North Carolina Department of Transportation, was created to study, plan, develop, construct, operate, and maintain toll roads in the state. PFM was retained by the Authority in early 2006 to develop and implement financing plans for each of the Authority's five toll projects. One of these financing vehicles includes a subordinate loan through the U.S. DOT's TIFIA program. To date, PFM has advised on the successful financing of the Triangle Expressway in 2009, which was secured by senior lien toll revenue bonds, a subordinate TIFIA loan and separately secured appropriation bonds payable from amounts out of the State's Highway Trust Fund, and the Monroe Connector in 2011 which was also secured by appropriation bonds and a small tranche of toll revenue bonds and interim financing provided GARVEE bonds which will be taken out after the project's opening with a large toll revenue backed issuance. PFM is advising the Authority on its first P3, the Mid Currituck Bridge.

In addition, PFMAM helped structure portfolios for the construction fund, capitalized interest fund, and debt service reserve funds. Portfolios were structured to provide adequate liquidity for cash flow needs, while generating significantly higher investment income than leaving funds in an overnight investment. Investment income generated was earmarked to provide contingency funding if project costs exceeded projections. Despite an interest rate environment where the Federal Funds Rate was at 0% to ¼%, portfolio returns of 1 ½ to 2% have been achieved.

Public-Private Partnerships (P3s). NCTA and NCDOT determined early on to utilize private participation in all their toll projects. PFM worked closely with the Nossaman law firm and the project engineers to develop design build contract documents that would maximize value to NCTA, be accepted by the construction market, and would support investment grade credit ratings. NCTA has also developed a comprehensive tolling system for all its projects across the state and procured a multi-year

privatized system integrator and operator. Both the Triangle Expressway and Monroe Connector utilized these P3 elements as well as non-recourse project toll revenue financing.

In addition, PFM is serving as advisor on the state's first anticipated long-term concession for a new toll bridge over the Mid-Currituck Sound leading to the Outer Banks. This project is being developed with an innovative pre-development agreement (PDA) in which a concessionaire partner (ACS Dragados) was selected after an RFP process that PFM helped structure and manage. PFM and NCTA are working with the private partner to develop tasks, cost sharing, and risk sharing. PFM assisted with the tolling regime, traffic and revenue study and P3 financial modeling. The project has achieved several milestones including a determination of financial feasibility, and it is proceeding forward with negotiations of the business terms. Commercial close is expected mid-2012.

Toll Revenue Financings. Generally NCDOT/NCTA toll project financing plans use tax-exempt toll revenue bonds as the primary method of financing and are designed to meet the standards of the ratings and investment communities. PFM also helped to craft several NCDOT guaranties to strengthen the toll revenue credit such as an O&M, R&R and construction completion guaranties that would support investment grade credit ratings for the all of NCTA's projects. We also reviewed and commented on all aspects of the traffic and revenue forecast, including sensitivity analyses designed to satisfy credit markets. Triangle Expressway and Monroe Connector each received investment grade ratings from all three rating agencies. PFM is currently working on three additional new toll roads including the Garden Parkway, Cape Fear Skyway, and the P3 financing for a new toll bridge across the Mid-Currituck Sound.

TIFIA. PFM assisted with obtaining the State's first TIFIA loan, a low-cost, subordinate, flexible financing tool for Triangle Expressway. PFM assisted with the original application, negotiations and closing of the TIFIA loan with US DOT and PFM is responsible for annual updates to the plan of finance to meet TIFIA requirements. PFM also assisted NCDOT with a TIFIA letter of interest for the I-77 HOT project, and we understand the project has been approved for TIFIA via a TIGER-TIFIA grant.

State Appropriation Revenue Bonds. Several NCTA projects will receive annual state appropriation funds in addition to the toll revenues generated by each project. The state appropriation funds are allocated from NCDOT's Highway Trust Fund which consists of various transportation oriented tax and non-tax pledges, similar to MDOT. PFM evaluated the benefits of issuing a combined credit backed by state appropriation revenues and toll revenues for Triangle Expressway and ultimately recommended a bi-furcated lien to take advantage of the State's high credit rating and improve the plan of finance with an overall lower cost of funds. PFM was instrumental in helping to craft the indenture as well as recommending the use of Build America Bonds, which further enhanced the project's cash flow.

I-95 Corridor Planning and Finance Study. PFM is crafting a financing strategy to support multi-billion dollar improvements along the I-95 Corridor in North Carolina. As part of this effort, PFM is developing a comprehensive financial planning model to define and evaluate alternative tolling and debt financing strategies to facilitate the timely and cost-effective implementation of proposed capital improvements and provide for long-term operations and maintenance and state of good repair of the Corridor. Alternative senior debt instruments and security structures including debt secured by a net pledge of revenues or gross pledge have been evaluated. In addition, the analysis is being structured to define the up-front financing strategy for the initial phase of improvements which are expected to finance from bond proceeds and subsequent phase improvements which are planned to be financed from a combination of bonds and available toll revenues. PFM's efforts as part of a multidisciplinary consulting team have supported NCDOT's application and conditional approval for a slot in the Federal interstate tolling pilot program. PFM is now working with NCDOT to refine the financial plan and prepare/submit the necessary materials to secured final approval from FHWA under the interstate toll pilot program.

State Transportation Plan. The North Carolina Department of Transportation ("NCDOT") is charged with developing a long-term vision for transportation in the state and with ensuring that public and private transportation service providers work together to achieve that vision. NCDOT defines that vision through its 2040 State Transportation Plan ("STP"). The 2040 Plan identifies needed investment, estimated revenue to fund that investment, transportation infrastructure and service investment strategies, and

policies supporting them. The plan focuses on the policies and programs needed to enhance safety, improve mobility, and reduce congestion while addressing all types (modes) of transportation for which NCDOT has responsibility: highways, aviation, ferries, rail, bicycle, walking, ports and public transportation. PFM, as a member of a multidisciplinary consultant team, led the financial planning analysis for the 2040 Plan. This included:

- Projecting NCDOT's existing funding sources over the 2040 Plan period considering economic, demographic, and policy factors that are expected to influence the Department's revenue sources.
- Assessing forecasted funding available from existing sources relative to the alternative investment strategies developed as part of the 2040 Plan and define the funding gaps between projected revenues and needs. As part of this effort, PFM considered the effects of diminished Federal funding support and lower motor fuel tax revenues due to an increase in fuel efficiency standards.
- In concert with NCDOT finance and planning staff, defining and forecasting alternative revenue options to close identified gaps. These options include continued motor fuel tax rate indexing and increases for existing funding sources, changes to the distribution of transportation sources between the NCDOT transportation program and other State purposes and the introduction of new revenue sources such as interstate tolling and VMT fees. As part of this effort, the projection of new revenue sources considered the impacts of projected economic, demographic and travel variables on estimated revenue yield.
- Evaluating each revenue source based on its ranking against financial, policy, and administrative factors
- Incorporating not just baseline revenue estimates and project needs but also tolling opportunities, GARVEE Bonds, P3s initiatives, and NCDOT's Mobility Fund which is envisioned to function as a revolving loan fund
- Identifying a range of gap closing options based on a combination of alternative investment strategies as well as current and potentially new funding sources. The range of funding options identified by PFM have been published in the 2040 Plan which has been posted on NCDOT's web site

South Carolina Transportation Infrastructure Bank

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PFM was retained as Financial Advisor to the South Carolina Transportation Infrastructure Bank ("SCTIB" or "Bank") in April 1998 to assist in the development of its financial plans and remains the only advisor the SCTIB has had. David Miller is the lead advisor to SCTIB and made recommendations as to SCTIB structure alternatives, and ultimately wrote the financial business plan that is allowing funding of critical transportation projects totaling over \$3 billion. Because of the financial pressures created by vast transportation infrastructure needs in this rapidly growing state, many of these projects would have been unfunded for years without the SCTIB. SCTIB operates as a leveraged revolving loan fund but also effectively as the South Carolina Department of Transportation's transportation revenue and GARVEE bonding program.

SIB Program Establishment. PFM helped SCTIB to establish the initial structure and funding, financial model, pool loan requirements, credit criteria, long-term business plan, and subsequent leveraging

through its bond program. PFM worked on the legislation that created the initial funding sources for the program. The SCTIB may issue revenue bonds to raise proceeds necessary to provide loans and other financial assistance. The SCTIB Board may request up to an amount equal to 1-cent of state gas tax annually appropriated to the SCDOT for the construction and maintenance of State highways (the "Highway Funds"). The SCTIB also receives Truck Registration Fees and a portion of the Motor Vehicle Registration Fees collected pursuant to the SC Code of Laws. The SCTIB's legislation (Act 148) provides that any loan repayments received by the SCTIB are revenues of the SCTIB and may be used to secure bonded indebtedness. One of the most innovative features of the SCTIB is the pledge of over \$60 million per year of long-term loan repayments from various projects to secure its Revenue Bonds

Long-Term Financial Planning. PFM created the first SCTIB business plan that outlined the types of financial assistance considered, a leveraged revolving loan financial structure for the SCTIB, credit rating issues related to financial assistance, suggested project credit criteria, and the suggested administration for the program. From this business plan, PFM developed a capital planning model to optimize the timing of bond issues as well as the mixture of pay-go funding, revenue bonds and general obligation bonds given the unique cash flow constraints and project draw requirements of the SCTIB. PFM to this day monitors all SCTIB revenues, loan repayments, capital cost outlays, and debt programs via our business planning model.

Credit Ratings and Investor Relations. Establishing the appropriate credit profile is very important to a successful SIB. The credit is established at two different levels: the program as a whole and also each individual project supported by the SIB. A key assumption in the credit rating methodology is that a loan repayment stream and/or a reserve fund provide adequate risk-adjusted debt coverage and/or liquidity to guard against individual project default. PFM solicited feedback from the rating agencies early in the process of developing the revenue bond indenture for SCTIB to try to achieve the desired "A" category rating. Timing was critical, as the Bank had already advanced funds to a project. Furthermore, PFM recommended to the SCTIB to "tell the story" to potential investors and underwriters. Consequently, the SCTIB had extensive Rating Agency/Insurer visits to New York and participated in Investor Meetings in New York, Boston, Chicago, and Charlotte. These Investor Meetings were designed to inform the investor community of the Bank's goals, objectives, and the first project. As a result of extensive discussions with the rating agencies, the SCTIB received credit ratings from Moody's and Fitch of A1 and A, respectively.

GARVEE Structure. The SCDOT appropriates the Highway Funds to SCTIB annually, and SCDOT has also entered into several project loan agreements with the Bank. However, under SC's constitution, the SCDOT's motor fuel taxes can only secure general obligation bonds. Therefore, these payments from SCDOT to SCTIB are sourced to FHWA Reimbursement Funds. In order to create a sound security for SCTIB's revenue bonds, DOT and the Bank entered into a Master Funding Agreement that incorporate industry best practice debt covenants for GARVEE Bonds. Therefore, SCTIB has effectively become SCDOT's GARVEE Bonds program.

Debt Management for a Large Transportation Issuer. To date PFM has advised on approximately \$3.3 billion of Revenue and General Obligation Bond sales for SCTIB encompassing 15 series of senior lien and junior lien bonds which are listed below:

1. \$275,000,000 Revenue Bonds, Series 1998A
2. \$308,900,000 Revenue Bonds, Series 1999A
3. \$268,810,000 Revenue Bonds, Series 2000A
4. \$249,140,000 Revenue Bonds, Series 2001A
5. \$121,880,000 Revenue Bonds, Series 2001B (Junior Lien)
6. \$285,195,000 Revenue Bonds, Series 2002A
7. \$275,435,000 Revenue Bonds, Series 2003A
8. \$368,300,000 Revenue Refunding Bonds, Series 2003B
9. \$228,840,000 Revenue Bonds, Series 2004A

10. \$153,450,000 Revenue Refunding Bonds, Series 2004B
11. \$60,000,000 General Obligation Bonds, Series 2004A
12. \$221,045,000 Revenue Refunding Bonds, Series 2005A
13. \$286,355,000 Revenue Bonds, Series 2007A
14. \$102,015,000 Revenue Refunding Bonds, Series 2007B
15. \$88,590,000 Revenue Refunding Bonds, Series 2009A
16. \$203,580,000 Revenue Bonds, Series 2010A

TIFIA Loan. PFM also assisted the SCTIB in receiving a \$215 million direct loan under the USDOT's TIFIA program. This innovative transportation financing mechanism allowed the SCTIB to raise capital for a significant portion of its commitment to the Cooper River Bridge project in Charleston, SC. The loan, which has since been repaid in full, was secured separately from the Revenue Bonds

Pennsylvania Turnpike Commission

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Since 2008, PFM has been serving the Pennsylvania Turnpike Commission on the development of its annual Act 44 financial plan. This work has entailed crafting a comprehensive fifty-year financial planning model to develop and test alternative toll revenue, operations and maintenance, capital program and financing strategies for maintaining and improving the Mainline, and providing mandated funding for the Commonwealth's non-tolled highways and transit agencies. The financial plan was also structured to define tolling and financing strategies for support the Commission's application to the Federal Highway Administration to convert I-80 to a toll road and implement a comprehensive program to improve the facility and provide supplemental funding support to Pennsylvania's non-tolled highways. The annual financial plan report is provided to the Secretary of the Budget as well as to rating agencies and underwriters to advise these parties on the Commission's near and longer term strategies. As financial advisor to the Commission, PFM develops and executes strategies to support the Turnpike's approximately \$1 billion in annual debt issuance.

Pennsylvania Department of Public Welfare & Philadelphia Department of Human Services

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In July 2008, as a result of a failed Federal audit, PFM was engaged by Pennsylvania's Department of Public Welfare to assist the Department with attaining compliance with Title IV-E of the Federal Social Security Act, which provides funding for children in out-of-home foster care placements. The primary focus of this effort was the City/County of Philadelphia, where the Federal audit found repeated reporting failures. PFM employed a variety of analytical techniques to assess organizational effectiveness and program compliance—including interviews with programmatic staff, reviews of documented policies and procedures, assessments of existing IT systems, and observations and analyses of business processes. PFM's analysis identified a series of structural deficiencies in how Philadelphia tracked children, processed payments for foster care providers, and submitted claims for State and Federal reimbursement.

To address these issues, PFM recommended the development of a new, Web-based system, and a series of data integrity analysis techniques to assure that caseworker-driven information on child

placements and services matched provider records and claims. PFM partnered with a technology development firm to design and build this system (called P-Drive). PFM worked collaboratively with its technology partner and with stakeholders from Philadelphia and the State to generate a series of detailed requirements documents for this new system. System development followed a spiral development approach as system features were iteratively designed, developed, implemented, tested, and refined. System design incorporated a variety of user tools to allow stakeholders to manage caseloads and invoices and extract management information from the system. PFM maintained the system through mid-March 2012, when it was successfully transitioned to DHS to be managed internally.

In conjunction with system development, PFM worked with Philadelphia and the State to develop and modify processes and procedures designed to meet the strict compliance requirements set forth by Title IV-E. PFM managed these business processes to ensure that Philadelphia's child welfare invoices were successfully transmitted to the State's system for maximum reimbursement by the Federal Government. PFM then developed and led training sessions for stakeholders to roll out the new system.

As a result of PFM's efforts, Philadelphia dramatically improved its compliance with Federal reimbursement guidelines, addressing the key findings from the original Federal audit. PFM's work directly contributed to Pennsylvania passing its most recent Federal audit of its Title IV-E claims.

Los Angeles Department of Water and Power

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PFM has served as the Financial Advisor to the Los Angeles Department of Water and Power (LADWP) in various capacities since 1998. In this role, PFM has advised LADWP on over \$5 billion in bond transactions, including several projects with off balance sheet financing through the Southern California Public Power Authority.

As the largest municipal provider of water and power service in the country, LADWP is faced with a sizeable, multi-billion capital program for both enterprises, while continually having to meet stricter regulatory standards for water and power programs. PFM has worked with LADWP to identify innovative ways to accomplish the financing of the multi-billion dollar capital program and has served as LADWP's general financial advisor throughout the implementation of these borrowings. PFM has amassed a stellar record in providing innovative solutions to LADWP, which have both lowered the costs to LADWP's ratepayers and utilized innovative taxable and tax-exempt debt to accomplish LADWP's financing objectives.

A number of financing programs that PFM has worked with LADWP are worthy of mention. A primary financing structure of note is the January 2010 Milford I Wind Corridor project, financing 202 MW of wind energy. This project, designed to help meet LADWP's aggressively mandates for renewable power, utilized a unique public-private partnership that lowered the cost of the project by 30% relative to LADWP ownership with tax-exempt debt. In the final structure, LADWP partnered with First Wind, who was able to claim a 30% cash grant through US Department of Energy's 1603 grant program. In turn, LADWP prepaid their power purchases from First Wind, and issued \$220 million of tax-exempt debt to further lower the cost. The resulting structure was a first among municipal renewable energy transactions, and was recognized by the Bond Buyer as the National Deal of the Year in the public finance market in 2010.

A second program of note is a current financing program in which LADWP is seeking to implement a securitization structure to cost effectively finance mandated environmental projects for their water utility. PFM has worked with LADWP to write and sponsor state legislation that will allow LADWP to securitize a non-bypassable charge on its utility bill to pay for federal and state environmentally

mandated projects. Because the securitization structure can achieve AAA ratings and only requires 1.0x debt service coverage, this financing structure is a cost effective way to deal with a number of federal mandates that LADWP must implement. PFM has worked with LADWP throughout the development phase of the financing and is currently obtaining legislative approval for the financing structure as well as rating agency approval of the securitization form. It is expected that LADWP will be able to utilize this financing structure for a portion of its general capital program in January 2014 and beyond, realizing significant savings relative to a traditional tax-exempt financing program.

State of Ohio's Buckeye Tobacco Settlement Financing Authority

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PFM was selected in 2007 to serve as the sole Financial Advisor to the State of Ohio's Buckeye Tobacco Settlement Financing Authority (the "Authority"). As the first professional service provider to be hired by the Authority, the Authority conducted a national competitive solicitation process for Financial Advisor. PFM was selected due to its credentials as one of the nation's leading advisors with respect to the structuring and issuance of tobacco revenue bonds, its ranking among financial advisors as the #1 firm nationally with respect to the structuring and issuance of large tax-exempt and taxable municipal bond transactions exceeding \$1 billion, and its ranking as the overall leading financial advisor to public agencies nationally and in the State of Ohio.

As the first professional service provider to the Authority, PFM was asked to assist with numerous preparatory activities, including the drafting of issuance legislation, and the drafting of requests for proposals and conducting the competitive solicitation process and making recommendations concerning the selection of other professional service providers, including Bond Counsel, Issuer Counsel, and the entire underwriting syndicate including: Senior Managing Underwriters, Co-Senior Underwriters, Co-Managing Underwriters, and Selling Group Members.

As part of its effort in assisting with the selection of the underwriting syndicate, PFM conducted primary and secondary market analysis and the review of other large tax-exempt and taxable municipal issuances (including tobacco securitizations). This analysis focused on the performance of book-running senior managing underwriters with respect to the marketing, market penetration, order generation, underwriting capital capacity and the ability and willingness to use capital to create a market for and provide pricing support for large, long-dated, complex debt issues. As a result of this analysis, and given the initial indications of financial pressures and market volatility in July/August 2007, PFM developed and recommended to the Authority a unique approach to the selection of and scope of duties for the Senior Managing Underwriters. Under this approach, predicated on the unprecedented size (\$5.4 billion, the second largest long-term municipal bond transaction in history), structural complexity (several tiers of senior and subordinate debt), high sensitivity to pricing (1 basis point (1/100 of 1%) on total interest cost equated to over \$6 million), and potentially unstable market conditions, PFM recommended the selection and naming of two firms to the role of Senior Managing Underwriter, but, uniquely, with both firms required to combine their marketing, sales, underwriting, and capital support under a single umbrella organizational structure for the Authority's issuance. In effect, the two selected firms would be directed to act as a single firm combining their staffing and resources for all aspects of the structuring, marketing, placement and pricing of the transaction (as opposed to the division of duties between the two firms). The Authority accepted PFM's recommendation and a separate selection process was held for Senior Managing underwriters. Following the selection process, the named firms were notified of the desired approach to the role of "Joint" Senior Managing Underwriter and asked for their acceptance and

willingness to serve in such capacity. As further incentive to assure the required level of cooperation and integration sought by the Authority, 20 percent of the compensation to the Joint Senior Managers was to be withheld and allocated to and between the two firms by the Authority after the pricing of the transaction, based on the level and success of their integration and cooperation in serving the Authority (or, alternatively, distributed on a performance basis to other syndicate members).

Given the size of the transaction and the necessity to generate the maximum market interest among potential investors in all market sectors and geographic regions, PFM recommended to the Authority that compensation structures for the Co-Senior Managers and Co-Managers be developed and communicated that both incentivized and assured compensation to firms generating and placing orders for bonds. In this regard, PFM worked with the Authority in developing and made recommendations concerning designation rules and direct compensation rules, and worked with the Joint Senior Managers and syndicate members to accommodate specialized bond structures targeted toward particular market segments and buyers identified by syndicate members. PFM worked closely with the Authority in establishing and communicating such rules and structures well in advance of sale so that all syndicate members were fully incented and able to conduct pre-sale marketing within their respective client bases. PFM also recommended and assisted in implementing a sale schedule that required that syndicate members be continuously and fully informed of the transaction's schedule, status and structuring via weekly calls leading up to the sale. PFM also participated proactively as a lead member in weekly calls among the transaction working group members, and recommended and led specially scheduled calls with the Joint Senior Managers to communicate and discuss questions and issues of concern regarding schedule, structuring, and especially pre-pricing analyses.

In preparing for the sale, PFM assisted in document preparation (including development of a new multi-tiered senior/subordinate bond indenture, and disclosure documents); credit rating preparations, and structuring analysis. In addition, in preparing for the pricing of the transaction, PFM conducted comprehensive daily market analysis beginning over two months prior to sale with respect to both primary and secondary market pricings and trading activity of tobacco revenue bonds using the resources and staffs of PFM's dedicated Quantitative Strategies Group and Bond Pricing Group and its proprietary pricing systems that monitor all new issue and secondary market sale transactions daily on a maturity-by-maturity basis. Trading activity and pricing spreads over time were also monitored on a daily basis using PFM's proprietary Bond Tracker software system. These detailed pricing analyses allowed PFM and the Authority to have fully informed and effective communications with the Joint Senior Managers in the weeks preceding the sale concerning pre-pricing spread discussions being held with potential investors, and provided the strongest platform possible for proactive and informed pre-pricing and day of sale pricing negotiations between the Authority and the Joint Senior Managers.

The transaction was successfully managed and executed under an aggressive schedule designed to assure that the Authority could take advantage of attractive market conditions and was prepared to execute a sale at the earliest opportunity to avoid any unexpected and potentially disruptive legal or financial market developments (especially during the period of late summer and fall of 2007).

The bonds were successfully sold in October 2007 and priced with very aggressive interest rate spreads, with extremely strong investor demand from all market segments and regions. Due to the high level of investor interest and orders placed throughout the maturity schedule, and informed by PFM's real-time primary and secondary market trade data available during pricing negotiations, the Authority was able, with PFM leading pricing negotiations at the Authority's request, to both negotiate aggressive initial order-period spreads, and to successfully negotiate significant reductions in spreads throughout the maturity schedule following the close of the order period. Given the pricing sensitivity of the transaction, we believe PFM's efforts were a significant factor in the Authority achieving present value savings of tens of millions of dollars in the pricing of the bonds.

The successful execution of the transaction was a critical element in the State of Ohio meeting its objectives to transfer risks associated with the continued receipt of tobacco industry MSA payments, and to meet important capital funding needs of the State's primary, secondary and higher education school systems.

Secondary market monitoring of post-sale trading activity over an extended period of time demonstrated that the transaction's pricing was among the very strongest and most aggressive of all tobacco revenue bonds ever sold.

Following is a table that lists all of the state-level bond transactions that PFM has completed since 2007, including those discussed in the case studies above.

PFM Bond Transaction Experience with State Level Clients Since 2007			
Issuer	Type of Sale	Dollar Volume	Number of Issues
ALASKA			
Alaska Industrial Development & Export Authority	Negotiated	\$235,075,000	7
State of Alaska	Negotiated	\$371,060,000	7
State of Alaska	Competitive	\$165,000,000	1
CALIFORNIA			
California Educational Facilities Authority	Negotiated	\$2,113,180,000	37
California Educational Facilities Authority	Private Placement	\$7,000,000	1
California Health Facilities Financing Authority	Negotiated	\$5,277,795,000	45
California Health Facilities Financing Authority	Private Placement	\$100,000,000	1
California Infrastructure and Economic Development Bank	Negotiated	\$304,610,000	4
California Municipal Finance Authority	Negotiated	\$54,085,000	1
California Statewide Communities Development Authority	Negotiated	\$1,050,015,000	7
California Transit Finance Corporation	Negotiated	\$36,830,000	1
Northern California Power Agency	Negotiated	\$993,450,000	16
Southern California Public Power Authority	Negotiated	\$4,029,845,000	37
COLORADO			
Northern Colorado Water Conservancy District	Negotiated	\$23,005,000	1
CONNECTICUT			
Connecticut Health and Educational Facilities Authority	Competitive	\$460,795,000	8
Connecticut Health and Educational Facilities Authority	Negotiated	\$1,678,250,000	26
Connecticut Higher Education Supplemental Loan Authority	Negotiated	\$129,085,000	4
Connecticut Municipal Electric Energy Cooperative	Negotiated	\$102,655,000	3
Connecticut Transmission Municipal Electric Energy Cooperative	Negotiated	\$21,845,000	1
DELAWARE			
Delaware Health Facilities Authority	Negotiated	\$467,220,000	8
Delaware Transportation Authority	Competitive	\$515,635,000	6
Delaware Transportation Authority	Negotiated	\$113,490,000	1
Delaware, State of	Competitive	\$1,200,855,000	8
Delaware, State of	Negotiated	\$1,012,570,000	6
DISTRICT OF COLUMBIA			
District of Columbia Water and Sewer Authority	Negotiated	\$1,097,010,000	7
Washington Metropolitan Area Transit Authority	Negotiated	\$297,675,000	2
FLORIDA			
First Florida Governmental Financing Commission	Negotiated	\$18,685,000	1
Florida Water Pollution Control Financing Corporation	Competitive	\$225,000,000	1
Florida Water Pollution Control Financing Corporation	Negotiated	\$250,000,000	1
Higher Educational Facilities Financing Authority	Negotiated	\$193,755,000	5
Higher Educational Facilities Financing Authority	Private Placement	\$78,893,278	3
Orlando Utilities Commission	Negotiated	\$1,488,915,000	11
Orlando Utilities Commission	Private Placement	\$98,360,000	1
South Florida, University of	Negotiated	\$114,530,000	4
Sunshine State Governmental Financing Commission	Negotiated	\$530,500,000	5
Sunshine State Governmental Financing Commission	Private Placement	\$57,690,000	4
GEORGIA			

PFM Bond Transaction Experience with State Level Clients Since 2007			
Issuer	Type of Sale	Dollar Volume	Number of Issues
Municipal Electric Authority of Georgia	Competitive	\$45,000,000	2
Municipal Electric Authority of Georgia	Negotiated	\$5,221,180,000	33
HAWAII			
Hawaii, State of	Negotiated	\$4,884,055,000	29
ILLINOIS			
Illinois Finance Authority	Negotiated	\$1,037,024,000	17
State of Illinois		\$1,947,740,000	2
IOWA			
Iowa Finance Authority	Negotiated	\$955,655,000	7
Iowa Higher Education Loan Authority	Negotiated	\$66,785,000	2
Iowa, State of	Competitive	\$20,910,000	1
Iowa, State of	Negotiated	\$913,015,000	5
KANSAS			
Kansas Department of Transportation	Negotiated	\$475,870,000	6
Kansas Department of Transportation	Competitive	\$344,885,000	2
Kansas Development Finance Authority	Competitive	\$229,665,000	5
Kansas Development Finance Authority	Negotiated	\$490,915,000	4
LOUISIANA			
Louisiana Public Facilities Authority	Negotiated	\$588,940,000	3
MAINE			
Maine Governmental Facilities Authority	Competitive	\$33,000,000	1
Maine, State of	Competitive	\$267,100,000	8
Maine, State of	Negotiated	\$190,180,000	5
MARYLAND			
Maryland Department of Transportation	Competitive	\$1,240,870,000	12
Maryland Health and Higher Educational Facilities Authority	Negotiated	\$2,378,200,000	31
Maryland Health and Higher Educational Facilities Authority	Private Placement	\$316,335,000	5
Maryland Industrial Development Financing Authority	Negotiated	\$14,000,000	1
Maryland Stadium Authority	Private Placement	\$6,630,000	1
Maryland Stadium Authority	Competitive	\$26,990,000	2
Maryland Transportation Authority	Competitive	\$882,380,000	4
Maryland Transportation Authority	Negotiated	\$1,300,820,000	5
Maryland, State of	Competitive	\$4,814,255,000	23
Maryland, State of	Negotiated	\$1,668,740,000	11
Maryland, University System of	Competitive	\$697,210,000	13
Maryland, University System of	Negotiated	\$150,000,000	3
MASSACHUSETTS			
Massachusetts Department of Transportation	Negotiated	\$2,033,640,000	13
Massachusetts Development Finance Agency	Competitive	\$40,465,000	2
Massachusetts Development Finance Agency	Negotiated	\$1,654,990,000	23
Massachusetts Development Finance Agency	Private Placement	\$19,730,000	1
Massachusetts Health and Educational Facilities Authority	Negotiated	\$5,056,665,000	50
Massachusetts Health and Educational Facilities Authority	Private Placement	\$142,410,000	3
Massachusetts Municipal Wholesale Electric Co.	Negotiated	\$261,450,000	10
Massachusetts Water Resource Authority	Negotiated	\$3,390,745,000	16
MICHIGAN			
Michigan Department of Transportation	Competitive	\$18,470,000	1
Michigan Department of Transportation	Negotiated	\$279,505,000	3
Michigan Finance Authority	Negotiated	\$668,950,000	6
Michigan Municipal Bond Authority	Negotiated	\$430,280,000	3
Michigan Municipal Bond Authority	Private Placement	\$230,000,000	1
Michigan Public Educational Facilities Authority	Negotiated	\$2,410,000	1

PFM Bond Transaction Experience with State Level Clients Since 2007			
Issuer	Type of Sale	Dollar Volume	Number of Issues
Michigan, State of	Negotiated	\$816,330,000	3
Michigan Tobacco Settlement Financing Authority	Negotiated	\$522,991,697	3
MINNESOTA			
Minnesota Higher Education Services Office	Negotiated	\$100,000,000	2
Minnesota, State of	Competitive	\$824,825,000	6
Minnesota, State of	Negotiated	\$656,220,000	2
Minnesota State Agricultural Society	Negotiated	\$9,052,000	1
Minnesota Public Facilities Authority	Competitive	\$820,120,000	9
Minnesota, State of, Tobacco Securitization Authority	Negotiated	\$756,955,000	2
Southern Minnesota Municipal Power Agency	Negotiated	\$151,715,000	3
MISSOURI			
Missouri Highways and Transportation Commission	Competitive	\$130,390,000	1
Missouri Highways and Transportation Commission	Negotiated	\$1,754,535,000	7
NEBRASKA			
Municipal Energy Agency of Nebraska	Negotiated	\$206,420,000	3
NEVADA			
Nevada, State of	Competitive	\$23,505,000	1
Southern Nevada Water Authority - Las Vegas Valley Water District	Competitive	\$400,000,000	1
NEW HAMPSHIRE			
New Hampshire Health and Education Facilities Authority	Negotiated	\$254,360,000	5
New Hampshire, University System of	Negotiated	\$60,000,000	1
NEW JERSEY			
New Jersey Building Authority	Negotiated	\$121,395,000	2
New Jersey Building Authority	Competitive	\$20,000,000	1
New Jersey Economic Development Authority	Negotiated	\$183,670,000	1
New Jersey Educational Facilities Authority	Competitive	\$825,000,000	3
New Jersey Educational Facilities Authority	Negotiated	\$919,385,000	14
New Jersey Environmental Infrastructure Trust	Competitive	\$919,595,000	17
New Jersey Higher Education Student Assistance Authority	Negotiated	\$450,000,000	1
New Jersey Infrastructure Trust	Competitive	\$304,195,000	6
New Jersey, State of	Competitive	\$228,760,000	1
NEW MEXICO			
New Mexico Finance Authority	Negotiated	\$748,045,000	4
NEW YORK			
Dormitory Authority of the State of New York	Competitive	\$4,933,945,000	8
Dormitory Authority of the State of New York	Negotiated	\$5,515,430,000	22
Nassau County	Negotiated	\$697,835,000	6
Nassau County	Competitive	\$349,060,000	2
New York Power Authority	Negotiated	\$602,445,000	3
New York State Environmental Facilities Corporation	Competitive	\$159,685,000	2
New York State Environmental Facilities Corporation	Negotiated	\$4,490,330,000	23
New York State Housing Finance Agency	Negotiated	\$230,000,000	3
New York State Thruway Authority	Negotiated	\$780,495,000	1
NORTH CAROLINA			
North Carolina Eastern Municipal Power Agency	Negotiated	\$988,210,000	8
North Carolina Municipal Power Agency Number 1	Negotiated	\$1,033,525,000	9
North Carolina State Ports Authority	Negotiated	\$64,435,000	3
North Carolina Turnpike Authority	Negotiated	\$856,678,109	4
NORTH DAKOTA			
North Dakota Building Authority	Competitive	\$26,320,000	3
North Dakota Public Finance Authority	Competitive	\$116,465,000	7
North Dakota Public Finance Authority	Negotiated	\$138,815,000	3


PFM Bond Transaction Experience with State Level Clients Since 2007			
Issuer	Type of Sale	Dollar Volume	Number of Issues
North Dakota State Board of Higher Education	Negotiated	\$16,470,000	3
North Dakota State Board of Higher Education	Competitive	\$7,000,000	1
North Dakota State Water Commission	Negotiated	\$13,670,000	1
OHIO			
Ohio Public Facilities Commission	Competitive	\$1,105,040,000	13
Ohio Public Facilities Commission	Negotiated	\$2,651,135,000	36
Ohio Water Development Authority	Negotiated	\$213,765,000	3
Ohio, State of - Buckeye Tobacco Settlement Financing Authority	Negotiated	\$5,531,594,541	5
Ohio, State of, Treasurer	Competitive	\$128,000,000	2
Ohio, State of, Treasurer	Negotiated	\$2,661,215,000	33
State of Ohio	Negotiated	\$207,610,000	3
OREGON			
Oregon State Facilities Authority	Negotiated	\$222,850,000	2
Oregon, State of	Negotiated	\$547,870,000	11
Oregon, State of, State Board of Higher Education	Negotiated	\$136,170,000	2
PENNSYLVANIA			
Northeastern Pennsylvania Hospital and Education Authority	Negotiated	\$7,000,000	1
Pennsylvania Higher Educational Facilities Authority	Private Placement	\$13,100,000	1
Pennsylvania Higher Educational Facilities Authority	Negotiated	\$795,160,000	11
Pennsylvania Industrial Development Authority	Negotiated	\$140,290,000	1
Pennsylvania Intergovernmental Cooperation Authority	Negotiated	\$214,565,000	2
Pennsylvania Turnpike Commission	Negotiated	\$1,665,740,000	15
Pennsylvania, Commonwealth of	Competitive	\$10,519,915,000	26
Southeastern Pennsylvania Transportation Authority	Negotiated	\$549,690,000	3
State Public School Building Authority	Competitive	\$230,495,000	17
State Public School Building Authority	Negotiated	\$1,057,616,000	17
RHODE ISLAND			
Rhode Island Health and Educational Building Corporation	Competitive	\$118,240,000	1
Rhode Island Health and Educational Building Corporation	Negotiated	\$1,086,180,000	27
SOUTH CAROLINA			
Educational Facilities Authority for Private Non-Profit Institutions of Higher Learning	Negotiated	\$19,000,000	1
South Carolina Educational Facilities Authority for Non-Profit Institutions	Negotiated	\$27,000,000	1
South Carolina Public Service Authority	Negotiated	\$1,250,235,000	7
South Carolina Transportation Infrastructure Bank	Competitive	\$1,003,435,000	4
South Carolina Transportation Infrastructure Bank	Negotiated	\$368,300,000	3
SOUTH DAKOTA			
South Dakota Conservancy District	Competitive	\$109,330,000	2
South Dakota Conservancy District	Negotiated	\$255,685,000	5
TENNESSEE			
Tennessee Local Development Authority	Competitive	\$162,250,000	3
Tennessee State School Bond Authority	Competitive	\$118,530,000	1
Tennessee State School Bond Authority	Negotiated	\$599,970,000	6
Tennessee, State of	Competitive	\$600,130,000	7
Tennessee, State of	Negotiated	\$1,675,360,000	8
TEXAS			
Texas Transportation Commission	Negotiated	\$1,796,445,000	3
Texas Transportation Commission	Competitive	\$99,570,000	1
Texas Water Development Board	Negotiated	\$405,925,000	6
VERMONT			
Vermont Educational and Health Building Financing Agency	Negotiated	\$769,970,000	21

PFM Bond Transaction Experience with State Level Clients Since 2007			
Issuer	Type of Sale	Dollar Volume	Number of Issues
VIRGINIA			
Virginia College Building Authority	Private Placement	\$60,000,000	1
Virginia Port Authority, VA	Negotiated	\$596,310,000	9
Virginia Public Building Authority	Competitive	\$333,600,000	3
Virginia Public School Authority	Competitive	\$46,445,000	1
Virginia Resources Authority	Negotiated	\$5,425,000	1
WASHINGTON			
Washington Health Care Facilities Authority	Negotiated	\$3,814,895,000	51
Washington Health Care Facilities Authority	Private Placement	\$29,550,000	1
Washington Higher Education Facilities Authority	Negotiated	\$218,945,000	5
Washington Higher Education Facilities Authority	Private Placement	\$10,625,000	1
Washington Public Power Supply System	Negotiated	\$548,085,000	9
Washington State Housing Finance Commission	Private Placement	\$30,000,000	1
WISCONSIN			
Wisconsin, State of	Competitive	\$48,015,000	2
Wisconsin, State of	Negotiated	\$3,777,450,000	12
Total Transactions		\$152,164,419,625	1,277

Transportation Advisory Expertise

PFM has established an unparalleled record of expertise, experience and commitment in the area of transportation finance. Over the past fifteen years, the firm has been ranked the leading financial advisor to transportation clients amongst financial advisors and investment and commercial banks, according to Securities Data Corporation. Since 2003 alone, PFM advised its transportation clients and assisted in the execution of over 400 financings totaling over \$49 billion in par value – 35 financings for over \$3 billion in 2011 alone. These financings produced capital to fund major infrastructure investments in seaports, airports, transit facilities, toll roads, highways, bridges, and other transportation needs. A listing of state DOT clients and services is provided below.

Transportation agencies nationwide are seeking additional funding and innovative techniques to fund expansion, stretch current dollars and maintain a state of good-repair. PFM has all worked with our clients to develop long range capital and strategic financial plans as well as initial project planning to assess financial feasibility through financial close.

PFM State DOT/ Transportation Agency Experience						
 The PFM Group Public Financial Management, Inc. PFM Asset Management LLC PFM Advisors	Financing					
	Design Build Evaluation					
	Financial Planning					
	Innovative Finance					
	SIB Development					
	Federal Issues / TIFIA Loan					
	High-Speed Rail					
	Toll Finance					
Arizona						
Arkansas						
California						
Connecticut						
Delaware						
Florida						
Georgia						
Kansas						
Maryland						
Massachusetts						
Michigan						
Minnesota						
Missouri						
New Jersey						
New York						
North Carolina						
North Dakota						
Ohio						
Oklahoma						
South Carolina						
Texas						
Virginia						
Washington						
Wisconsin						

State Revolving Funds. PFM is proud of its resume of innovative ideas that have led to the development of new state pool and SRF programs, and have improved the efficiency and effectiveness of mature, stable programs. The State Revolving Fund industry is continually challenged by a volatile appropriation of Federal capital outlays and state budget tightening. Meanwhile, localities are faced with their own budget constraints, increased environmental scrutiny and regulations that continue to spark demand for low cost infrastructure financing. PFM has assisted its SRF clients in facing the challenges invoked by such pressures by creating and redesigning programs to maximize program capacity while providing their program borrowers access to the highest rated credit in the capital markets.

Our clients range from very large issuers focused on frequent leveraging opportunities to smaller issuers who focus on operational best practices and the means to best utilize their program capacity. The issues and challenges for all State Revolving Funds, however, are all similar: how to meet borrower demand while preserving program capacity and adhering to federal SRF requirements; how to execute a bond pricing strategy that minimizes all-in effective yields while preserving flexibility; how to maximize retainable income while meeting Federal arbitrage regulations; how to effectively refund high coupon debt; how to design and implement tools to best manage for efficient operations. PFM is unique in its ability to offer the Authority a broad range of technical skills and experience to meet their challenges. PFM's success in creating and implementing SRF and pooled loan programs throughout the nation is a result of our knowledge in the many aspects of these programs such as:

- Optimization of available program security including equity funds, loan collateralization, moral obligation pledge and state intercept mechanisms, etc.
- Thorough understanding of EPA Regulations
- State Match Funding Sources
- Leveraging Structures: Reserve Fund, Cash flow and Hybrid Models, Guaranty Programs

- Senior/Subordinate Structures
- Cross-collateralization and other security enhancements
- Federal and State Legal Issues (i.e., IRS regs, TIPRA, ARRA)
- Asset Management Strategies to Maximize Total Program Returns
- Variable rate debt and derivative products for asset/liability management
- 30-Year Financing Extensions
- Subsidy Impact Studies

Since the inception of its SRF Practice in 1988, PFM is proud to have served as financial advisor to wastewater and infrastructure revolving funds in 23 states and territories. Our clients range from very large issuers focused on frequent leveraging opportunities to smaller issuers who focus on operational best practices and the means to best utilize their program capacity. The issues and challenges for all State Revolving Funds, however, are similar—how to meet borrower demand while preserving program capacity and adhering to federal SRF requirements; how to execute a bond pricing strategy that minimizes all-in effective yields while preserving flexibility; how to maintain and meet program demand; how to best invest in today's uncertain economic climate; how to effectively refund high coupon debt; how to design and implement tools to best manage for efficient operations. PFM is unique in its ability to offer the State a broad range of technical skills and experience to meet its challenges. The State Revolving Fund industry has been hit with numerous challenges in recent years with increased federal mandates as well as the tightening of state budgets making the direct appropriation of the required State Match contribution a benefit of the past for many states. In addition, localities are faced with their own budget constraints, increased environmental scrutiny and regulations that continue to spark demand for low cost infrastructure financing. PFM has assisted its clients in facing the challenges invoked by such pressures by:

- Creating and redesigning programs to maximize flexibility and program capacity while providing their program borrowers access to the highest rated credit in the capital markets.
 - *New York State Environmental Facilities Corporation,*
 - *South Dakota Conservancy District*
 - *Minnesota Public Facilities Authority*
- Designing state programs to serve as a conduit for meeting their State's economic development initiatives.
 - *New York State Environmental Facilities Corporation,*
 - *Iowa Finance Authority*
- Structuring programs to ease the administration burden of time-consuming and punitive federal regulations which limit program asset investment return and stunt program growth.
 - *Kansas Development Finance Authority,*
 - *South Dakota Conservancy District*

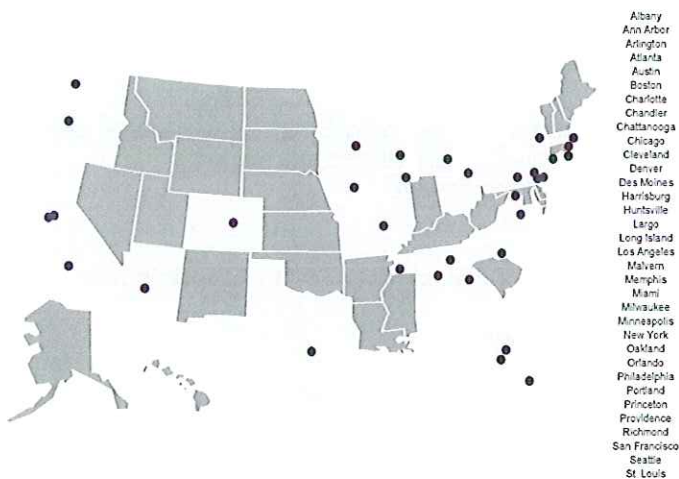
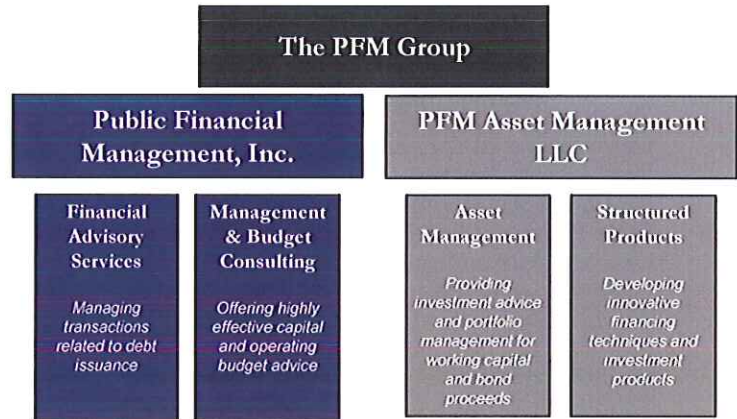
Management and Budget Consulting. The PFM Management and Budget Consulting practice brings actionable ideas to government that both enhance public service delivery and improve the bottom line. With more than 30 dedicated professionals, the group focuses on results and substantive change.

Along with the management and budget services provided directly by the Management and Budget Consulting team, our colleagues in PFM Group financial and investment advisory practices also provide services critical to sustaining fiscal health, including:

- Debt management and restructuring
- Investment and cash management strategies
- Independent evaluation of public private partnership proposals
- Pension and other Post-Employment Benefit (OPEB) strategies
- Revenue enhancement strategies
- Optimal efficiency strategies

2. Provide a broad overview of your firm, including a functional description of any parent, affiliated, or subsidiary company, and any business partners. Provide an organization chart of your firm and describe the working relationships between each component and your consulting group.

Overview. Public Financial Management, Inc. was founded in 1975 with a staff of five. Today, The PFM Group (PFM) which includes Public Financial Management, Inc. and PFM Asset Management LLC (PFMAM) is the nation's leading provider of independent financial and investment advisory services to the public sector. The firm has a staff of more than 490 professionals located in 33 offices across the country. The firm is led by John Bonow, Chief Executive Officer, and governed by the firm's Managing Directors. PFM is a privately held firm owned by the Managing Directors and a private investment group.



Market Presence & Stature. PFM is the largest financial advisory firm in the public finance industry. Headquartered in Philadelphia, Pennsylvania, the firm's professionals are located in every region of the country within easy distance of our clients. This proximity gives us a better understanding of the local issues and problems affecting our clients, as well as providing the day-to-day contact needed to properly meet their needs.

Over its 38 year history, PFM has built a solid presence in the municipal marketplace. We have been involved in financing programs totaling in excess of \$871 billion. Last year, PFM advised on 902 bond transactions with a total par amount of over \$56.9 billion (over twice as much volume as our nearest competitor).

2012 Full Year Overall Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters



The State will have access to any of our five primary business activities, which are summarized below and described in more detail below:

- **Financial Advisory:** managing transactions related to debt issuance
- **Investment Management:** providing investment advice and portfolio management for working capital reserves and bond proceeds
- **Investment Consulting:** structuring simple, reliable, and fundamentally sound asset management strategies
- **Management and Budget Consulting:** offering highly effective capital and operating budget advice
- **Structured Products:** developing innovative financing techniques and investment products



Financial Advisory. 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 superior experience and expertise that helps clients resolve the entire range of technical and financial challenges they routinely encounter during the capital formation process. Our national reputation and consistent growth, from \$5 billion in managed debt transactions in 1986 to \$56.9 billion at year-end 2012, reflect our clients' recognition of our capabilities and the value we add.

Investment Management. 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 \$47.4 billion at December 31, 2012. *PFMAM is registered under the Investment Advisers Act of 1940. A copy of its Form ADV, Part II is available upon request.*

Investment Consulting. PFM Advisors is a specialized component division of PFMAM providing investment and retirement plan consulting services to pension funds, endowments and similar funds.

We believe that a true partnership with our clients can only be achieved by fully understanding the unique characteristics of their funds. Therefore, our ability to structure simple, reliable, and fundamentally sound asset and retirement planning management strategies results in predictable investment returns, sound vendor services and few surprises. PFM Advisors clients include public funds, Taft-Hartley funds, corporate funds, hospitals, foundations and endowment funds.

Management and Budget Consulting. As a management and budget consultant, PFM offers its clients the most effective capital and operating budget advice available.

We have a proven track record in using various techniques for performance management, benchmarking, revenue enhancement and privatization. From Washington, D.C. to the Commonwealth of Pennsylvania to Los Angeles County, PFM helps leaders chart a path through each phase of fiscal health. From financial distress to balance...from balance that is temporary to that which can be sustained...from sustainability to expanded coverage and excellent quality, PFM produces results for our clients.

Structured Products. The Structured Products Group of PFMAM is a group of professionals dedicated to advising clients on the use of cutting edge structured financial products. We assist municipal clients in structuring and procurement of interest rate swaps, caps and collars to help reduce financing costs.

On the asset side, the Structured Products Group assists clients in structuring and procurement of forward delivery agreements, guaranteed investment contracts, flexible repurchase agreements and asset swaps. The Group is also responsible for structuring and restructuring advance refunding escrow portfolios for PFMAM clients.

3. *Provide copies of any written Code of Conduct, Ethics Policy, or Conflict of Interest Policy. If your firm does not have such a policy please so state.*

As a leading independent financial and investment advisory firm, PFM's record of integrity is critical in maintaining the trust of our clients and our good name throughout the industry. We take standards of professional and ethical behavior seriously at PFM, and are extremely proud of our strong reputation for integrity.

Independence and integrity have long been the hallmarks of PFM and the way that the firm approaches the public finance business. Throughout the last few decades in which there have been a number of municipal bond scandals, PFM has also maintained an impeccable record of integrity in delivering its financial advisory service. Indeed, PFM has pioneered many of the methods for the conduct of municipal bond business, including the competitive bidding of refunding escrow securities.

PFM also has an internal Code of Ethics which is signed by all newly hired employees of PFM and adheres to the standards of the National Association of Independent Public Financial Advisors (NAIPFA).

The PFM Code of Ethics is attached as Appendix D to this proposal.

4. *Disclose in full detail anything that may create a conflict or appearance of a conflict of interest. Please include any financial investment by you or your firm in any underwriting activity and any joint venture, partnership, or similar arrangement for any product or service with any underwriter.*

No circumstances exist which will cause a conflict of interest in performing services for the State of West Virginia. No member of PFM's ownership, management, or staff is a party to any agreements or holds any property interest that would present a conflict with the State of West Virginia. No employee of PFM or employees affected by this Request for Proposal has any pecuniary interest in this engagement or has any interest that would conflict in any manner or degree with the performance of services for West Virginia.

5. *Please provide an explanation and indicate the current status or disposition of any business litigation, legal, regulatory, or other proceedings that your organization or an officer or principal been involved in within the last five years. If none, please so state.*

Public Financial Management, Inc. and an affiliate (collectively "PFM") were joined as "4th party defendants" in a lawsuit initiated by a school district against its swap counterparty for declarative relief that the swap is unenforceable. The swap counterparty joined the school district's bond counsel as a defendant, claiming that if the swap is unenforceable, that condition was the result of negligence by bond counsel. Then, bond counsel joined PFM claiming that, if counsel were to be liable for any damages, it would be entitled to contribution from PFM. This suit was settled in early 2013 with PFM contributing less than 1% of the amounts agreed in settlement.

6. *Please describe the level of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. List the insurance carrier(s) supplying the coverage.*

PFM meets the levels of coverage for errors and omission insurance as well as fiduciary or professional liability insurance. Please see Appendix E for PFM's response to this question.

7. List the percentage of your firm's revenues that are derived from financial advisory services. Please list any other services that your firm derives.

PFM Firm Revenue Breakdown for 2012			
Financial Advisory Revenue	Investment Advisory Revenue	Strategic Municipal Consulting Revenue	Structured Products Revenue
45%	46%	5%	5%



Section C: Management Summary

1. Please describe the underlying philosophy of your firm in providing financial advisory services. Also list any particular strengths that your firm may have.

The underlying philosophy of PFM in providing financial advisory services is to provide specialized expertise for the issues that our clients face, and provide that service independently and always with the client's best interest in mind. Unlike many smaller advisory firms that use one person to provide general financial advice, PFM has built itself and organizes financial advisory teams to bring specific, in-depth expertise to our clients on the issues that they face. Given the breadth of the State's financial advisory needs, there is no way for one or two people to advise knowledgeably on all the issues that are or may become an issue for the State. PFM's philosophy, which has led to the formation of sector specific expertise and financial advisory groups for most of the sectors in which the State will issue debt, allows us to have leading experts that stay informed on the most innovative and up-to-date financing options for the State.

For the State of West Virginia, the team that PFM has assembled represents significant expertise in the areas that the State intends to address: transportation funding, public/private partnerships, school funding, OPEB considerations and funding, state level rating agency expertise, lottery backed revenue bonds, loan programs to local water agencies, asset securitization, among others. The organizing principles and philosophy of PFM allow us to be the #1 nationally ranked advisor in transportation, education, water, public power, as well as virtually all other sectors.

Notwithstanding this sector expertise that is the hallmark of PFM, PFM is also deeply committed to superior client service, both in terms of independence as well as availability and responsiveness. PFM organizes its client team to ensure that there are specific engagement managers who are directly accountable for ensuring that resources are allocated to our clients and that financial advice is provided with the highest level of integrity. PFM believes this philosophy has served our clients well, and the significant growth that PFM has enjoyed in the past two decades is a testament to the success of this philosophy.

2. List all current clients covered by the individual(s) that your firm includes in its staffing plan for the State of West Virginia account. Include a brief description of the scope of work performed for each client.

State of West Virginia Project Team	
Client & Scope of Work	
Dan Hartman, Managing Director	
<ul style="list-style-type: none"> • District of Columbia Water and Sewer Authority, Financial Advisory and Bond Transaction • Los Angeles Department of Water and Power, Financial Advisory and Bond Transaction • Southern California Public Power Authority, Financial Advisory and Bond Transaction • Orlando Utilities Commission, Financial Advisory and Bond Transaction • City of San Antonio, Electric and Gas Systems (CPS Energy), Financial Advisory and Bond Transaction • San Antonio Water System, Financial Advisory and Bond Transaction • Philadelphia Gas Works, Financial Advisory and Bond Transaction • Colorado Springs Utilities, Financial Advisory and Bond Transaction 	
Lisa Daniel, Managing Director	
<ul style="list-style-type: none"> • State of Tennessee, General FA/Debt Transaction services • Tennessee State School board Authority, General FA/Debt Transaction services • New York State Environmental Facilities Authority, General FA/Debt Transaction services • Massachusetts Water Pollution Abatement Trust, General FA/Debt Transaction services • Kansas Development Finance Authority, General FA/Debt Transaction services • Minnesota Public Finance Authority, General FA/Debt Transaction services • California State Water Resources Control Board, General FA/Debt Transaction services • Texas Water Development Board, General FA/Debt Transaction services • Iowa Finance Authority, General FA/Debt Transaction services • Ohio Water Development Authority, General FA/Debt Transaction services • Louisiana Department of Environmental Quality, General FA/Debt Transaction services 	

State of West Virginia Project Team	
Client & Scope of Work	
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David Miller, Managing Director	
<ul style="list-style-type: none"> • North Carolina Turnpike Authority. Transportation and General FA transactions. • North Carolina Department of Transportation. Transportation and General FA transactions. • Maryland Department of Transportation. Transportation and General FA transactions. • Kentucky Public Transportation Infrastructure Authority. Transportation and General FA transactions. • South Carolina Transportation Infrastructure Bank. Transportation and General FA transactions. • Florida Department of Transportation. Transportation and General FA transactions. • Texas Department of Transportation. Transportation and General FA transactions. • Chesapeake Bay Bridge and Tunnel District. Transportation and General FA transactions. • Orlando-Orange County Expressway Authority. Transportation and General FA transactions. • NC State Ports Authority. Transportation and General FA transactions. • Tampa Port Authority. Transportation and General FA transactions. • Jacksonville Port Authority. Transportation and General FA transactions. 	
Todd Fraizer, Managing Director	
Provides services to all clients as needed.	
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State of West Virginia Project Team	
Client & Scope of Work	
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Jim Haddon, Managing Director	
<ul style="list-style-type: none"> • New York City Transitional Finance Authority. Co-Financial Advisor, Advise Authority on market timing, deal structuring, refunding analysis, pricing and deal execution • Washington, DC. Financial Advisor, Serve as one of several financial advisors in District pool. Selected to serve as lead advisor on various projects and financial programs. Currently working on SIFMA notes refinancing. Recently completed a review of all credit facilities and converted VRDBs to direct purchase floating rate notes. 	
Dan Kozloff, Managing Director	
Provides services to all clients as needed.	
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<ul style="list-style-type: none"> • City of Bartlett, TN. Project Manager (FA Debt) • Town of Collierville, TN. Project Manager (FA Debt) • City of Germantown, TN. Project Manager (FA Debt) • City of Franklin, TN. Project Manager (FA Debt) • City of Chattanooga, TN. Project Manager (FA Debt) • Blount County, TN. Project Manager (FA Debt) • Hamilton County, TN. Project Manager (FA Debt) • City of Spring Hill, TN. Project Manager (FA Debt) • State of Tennessee (inclusive of Tennessee State School Bond Authority and Tennessee Local Development Authority). Project Manager (FA Debt) • Northwest Arkansas Regional Airport Authority. Project Manager (FA Debt) 	
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**State of West Virginia
Project Team**

Client & Scope of Work

- **Virginia Port Authority.** General Financial Advisory Services
- **Virginia Railway Express.** General Financial Advisory Services
- **City of Winchester, VA.** General Financial Advisory Services

3. *Please provide references that can attest to prior work performed by your firm and by the individuals that are included in the staffing plan.*

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Section D: Process and Experience

1. *Describe in detail your process for developing and structuring procedures for the issuance of tax exempt bonds. Describe in detail how this process differs with credit enhancement, lease financings, asset-backed, or taxable issuance.*

PFM's process for developing and structuring procedures for the issuance of tax-exempt bonds is straightforward and intended to provide a transparent process that produces the best results for the State of West Virginia and its taxpayers. Typically, PFM's procedures for the issuance of tax-exempt bonds would involve the following:

Identify Objectives for the Financing. PFM would identify the key objectives that the State intends to achieve for any tax-exempt bond issuance. Those objectives would not only be to fund necessary projects and/or achieve refinancing savings, but they may also include educational and other outreach efforts to ensure that all stakeholders in the State are apprised of the financing program and the key objectives.

Understand the Policy Issues Involved. PFM would intend to understand the policy issues that may need to be addressed for any planned financing. Sensitivity to such issues is critical to ensure that the key objectives can be reached, but also to understand the potential implication to various parties to the financing – whether they be elected officials, rating agencies, or investors – as well as the financial implications for the State of West Virginia.

Build the Appropriate Financing Team. Based upon the objectives of the financing, as well as the size and complexity of the contemplated financing, PFM would assist the State in putting together a financing team that would best serve the State of West Virginia. The decision of whether to undertake a competitive or negotiated sale would be chief among the decision process in this stage, as would the decision of whether any third party experts would be necessary – economic consultants, engineering firms, etc. The intent is to design a team that is well suited to meet the necessary financing requirements of the State as well as the ultimate investors in the State's debt.

Design the most advantageous Finance Plan. PFM would help coordinate the development of a finance plan with the finance team to best achieve the financing goals of the State, within the context of the policy considerations and concerns that may exist. The finance plan would consider all of the technical, legal, and financial parameters of the State – including the cost effectiveness of the plan, the risk allocation of the transaction, the impact on financial metrics and the State's balance, and the reception from both the rating agencies and investors. PFM works transparently to ensure that all parties are supportive of the finance plan and that it reflects the input of all parties, and notably the consideration of the investor community.

Implementation of the Financing. Ultimately, any financing's success relies on the successful implementation of the financing plan. PFM would see a transparent process in which all parties to the financing are aware of the objectives and timeline, and we would strive to have all parties coordinate and working toward known goals. It is important that key stakeholders at the State are aware of the financing progress and participate in the process.

Review of the Financing. It is important that the process for debt issuance include a review of the project to critically evaluate the transaction. This allows for the State to identify its successes, as well as problems, such that improvements to the process and procedure are realized moving forward.

Whether the financing is a fairly simple general obligation refunding or a complex taxable/tax-exempt tobacco securitization, the approach and procedure with which PFM addresses an issuance of bonds really does not change. Clearly, the financing team and finance plan will differ significantly with greater complexity of a financing project, but the approach and process that PFM would recommend do not. We would fully expect to have more investor and rating agency outreach for 2 complex transaction, as well as more internal educational efforts, but the way in which the financing process would be undertaken would not be materially different. It is our view that this approach will be successful in its consistency and transparency, and will work well for the State.

2. Provide a summary chart of competitive, negotiated, or private placement of debt for which you played the senior financial advisory role in the past three years

	State Level		Overall	
	Number of Transactions	Total Par \$(000s)	Number of Transactions	Total Par \$(000s)
Competitive	164	20,048,345	1,240	45,498,688
Negotiated	454	49,896,398	1,586	124,715,291
Private Placement	27	982,708	236	3,682,837
Total	645	70,927,451	3,062	173,896,816

3. Describe any experience your firm has had with other forms of public debt issuance besides General Obligation Bonds such as GARVEE Bonds, Pension Obligation Bonds, or Revenue Bonds. If none, please so state.

Revenue Bonds. Since January 1, 2003, PFM has been the financial advisor on over \$342 billion of revenue bond financings for clients nationwide. These financings have included all manner of revenue bonds, backed by a diversity of fee generating activities, such as:

- Water & Sewer Revenue Bonds
- Sales Tax Revenue Bonds
- Toll Revenue Bonds
- Public Utility (Electric, Gas) Revenue Bonds
- Multifamily Housing Revenue Bonds
- University Revenue Bonds
- Transportation System Revenue Bonds
- Tobacco Settlement Asset-Backed Bonds
- Arena Revenue Bonds
- Airport System Revenue Bonds
- State Personal Income Tax Revenue Bonds
- State Revolving Loan Funds Revenue Bonds
- Special Tax Revenue Bonds
- Local Option Fuel Tax Revenue Bonds

PFM has been the nation's number one financial advisor for Revenue Bonds since 1995. When advising on the issuance of revenue bonds, understanding the credit and debt capacity of the revenue stream and the enterprise which generates those revenues is critical in order to optimize financing approaches. Additionally, revenue bonds can often be used in combination with other financing approaches, such as state or federal financing programs or even private debt and/or equity.

PFM's First Place Ranking Revenue Long Term 1995 - 2012		
	Par Amount (in millions)	# of Transactions
2012	40,293.1	421
2011	27,683.7	343
2010	46,294.3	523
2009	38,213.4	404
2008	38,180.8	486
2007	38,291.8	408
2006	29,613.9	383
2005	30,576.6	427
2004	23,946.8	421
2003	29,598.2	450
2002	27,331.9	429
2001	23,116.1	391
2000	14,443.6	275
1999	13,314.7	310
1998	19,253.3	359
1997	13,108.0	248
1996	11,522.1	270
1995	9,580.8	318

"We are what we repeatedly do. Excellence then, is not an act, but a habit."
- Aristotle

Lease Revenue Bonds. Since January 1, 2003, PFM has assisted clients in the issuance of over \$31.8 billion of lease revenue and annual appropriation-backed financings. The class of debt backed by subject to appropriation pledges has undergone many shifts in investor appetite and preferences over the past 10+ years. Additionally, rating agency perspectives and methodologies have shifted over time with regard to these structures. PFM has worked with a number of our clients to ensure current market and rating agency tolerance for these approaches are appropriately incorporated prior to sale. Specifically, PFM has seen greater scrutiny and concern from Moody's on the matter of project essentiality during reviews of appropriation backed credits by a number of high-rated entities. In essence, the acknowledgement that a

Aa1 rated issuer would be even more inclined to appropriate has diminished in favor of a tougher scrutiny of the financed projects' essentiality. In some cases, Moody's has considered or assigned a "2-notch hit" to certain subject to appropriation ratings.

To overcome this shift, PFM has helped clients combine, where possible, their various subject to appropriation financings into "master" credit structures or to mix and match projects with varying levels of essentiality, as judged by the rating agencies. In 2004, PFM developed an inaugural lease revenue bond structure for a current client that financed a mix of projects that included projects where not all of the financed property was subject to the underlying leases. The ratio of leased assets to debt at the time of the financing was 77%. This approach gave our client a single financing mechanism at the most cost effective rate available in the capital markets as opposed to a series of smaller, "1-off" private placement type financings to manage in their debt portfolio. By combining the financing into a single structure, Moody's assigned a rating of Aa1 vs. a lower rating of Aa2 which likely would have resulted if the two financings were implemented on a standalone basis.

Pool Borrowings. PFM has extensive experience with pooled financings, having served as financial advisor on 435 pooled issues totaling over \$32 billion over the last five years. PFM has assisted clients in structuring all types of bond pool programs including: dedicated pools, equity-leveraged pools, 50-year recycling pools, and variable rate pools to name a few. We have experience working with pools secured by moral obligation pledges, state-aid intercept provisions, over collateralization, and joint and several pledges, among other security structures. As financial advisor, PFM assists with all bond sales and specific program development, which often involves the development of customized computer models. PFM has the knowledge and experience to create and administer pooled financings involving a large number of borrowers and will draw upon our experience to best advise the State on the mechanics, legalities and capital formation process for pooled financings.

GARVEE Bonds. The PFM Team offers deep experience in a broad array of innovative financing programs, including GARVEE bonds. Our experience provides us with a unique understanding of the challenges that the State may encounter with GARVEE financings and enables us to tailor a financial strategy for the State based upon specific policy objectives and constraints. While leveraging Federal transportation funds is now a common and accepted financing practice with over \$6.0 billion in GARVEE debt outstanding, PFM is mindful of the need to identify and implement GARVEE financing strategies that maintain financial flexibility and protect against reauthorization risk. This is particularly important given the near term funding constraints facing the Federal Highway Trust Fund. PFM clients were the most successful applicants for the initial TIFIA allocations. We developed the first federally secured lease obligations and utilized private sector funding and loan guarantees to finance several transportation projects. We have also helped states develop state infrastructure banks and low-cost pooled loan programs and have advised on the issuance of 25 GARVEE transactions totaling \$5.6 billion in par amount.

The PFM Team has extensive experience using federal discretionary and formula funds to address capital needs and has pioneered the use of federal formula funds as a security source. Our use in San Diego of federal formula funds as the primary repayment source for lease obligation debt became the model for the federal GARVEE program. PFM also executed the first leveraging of Congestion Mitigation and Air Quality ("CMAQ") funds. Our recent experience developing and managing programs secured by Federal transportation funds includes the states of Delaware, South Carolina, Ohio and Michigan's GARVEEs and we recently completed work on a NCDOT GARVEE issuance in support of a new start up toll road for the North Carolina Turnpike Authority.

Tobacco Settlement Issues. Since 1998, when the attorneys general of 46 states and five territories (collectively, the "Settling States") signed the Master Settlement Agreement (the "MSA") with the four largest tobacco companies in the country, PFM has been helping entities throughout the United States decide how best to utilize the tobacco revenues they would receive as a result of the settlement. Some of our clients have decided that securitization was the best method to provide for their financial needs, and PFM has assisted them with the securitization process. Importantly, we have provided a wide variety of services as it relates to tobacco securitization. These services have ranged from the drafting of a financial plan that was presented to the State legislature in Iowa, to providing expert testimony in the settlement between

"represented" cities and counties in California and their attorney Lief, Cabraser to the implementation of various financings. Not only has the experience afforded us the ability to hone our technical skills, but also has given us the needed sensitivity to draft and implement strategies consistent with the financial and policy objectives of our clients. Some clients have elected a pay-as-you-go approach. In each case, the decision has come after helping to analyze all of the options available.

Pension Bonds. PFM is uniquely qualified to serve the State in the evaluation of issuing Pension Obligation Bonds (POBs), based on our experience in counseling public sector entities on the complex risks and benefits of POBs. Before describing these services, we wish to discuss pension bonds generally. Pension bonds generally only make sense when the long-term investment returns of the generated assets will exceed the cost of borrowing.

The advantageous time to issue POBs depends greatly on the business cycle, as well as interest rates in the bond market. In the process of determining the funds needed to fund defined benefit pension obligations in the future, an actuary determines a rate that pension fund assets earn on average (actuarial rate) and a corresponding yearly contribution by the municipality. Throughout the prosperity of the late 1990's, many municipalities had 100% funded pensions. As interest rates and stock market returns have decreased in recent years, many municipalities have pension funds with assets that are not earning the actuarial rate, which creates an unfunded liability to the pension fund. The existence of an Unfunded Actuarial Accrued Liability (UAAL) is a common issue in today's market. POBs are issued based on the premise that if you can receive a greater return on POB proceeds than the interest cost of the POBs, POBs should be issued to fund an UAAL. By issuing Pension Obligation Bonds the issuer will replace a "soft" budgetary liability (annual payments into the plan) with a "hard" liability (debt service payments to bond holders). There are 4 principal Risk Factors to consider when issuing POBs:

- Leverage
- Market Risk
- Political
- Arbitrage

Another factor the State must consider when evaluating POB's is the recent changes to the Government Accountability Standards Board ("GASB"). In June 2012, the Governmental GASB, voted to change the way that pension liabilities are reported including limiting amortization of liabilities and assumed earnings rates for certain plans. These changes were prompted by a concern that current reporting requirements did not accurately capture the true liabilities faced by pension plans. The net result is that the reported liabilities for underfunded pension plans will likely be higher under the new reporting standards. GASB

1999 - 2012 Tobacco Settlement Long Term Municipal New Issues
National Municipal Financial Advisory Ranking - Equal to Each Financial Advisor
Source: Thomson Reuters



Statement 68 that will take effect for fiscal years beginning after June 15, 2014 Moody's is also proposing adjustments in the way that it reviews state and local pension liabilities based on similar concerns and recently in April released their methodology on Pension adjustments for State and Local government.

PFM is qualified to advise the State on whether market conditions and fiscal realities make POBs a worthwhile risk as part of the overall pension funding strategy. PFM has counseled several governments regarding the potential benefits and risks of POBs and we are receiving an increased number of calls from clients interested in exploring whether POBs make sense for their particular situation. Members of our diverse team can draw on their respective experience in bond pricing and transactions, asset management, and multi-year public budget planning to assist the State in working through all of the factors that affect a decision to enter into this type of complex transaction. Among the issues that PFM would examine are the strength of the economy at the time of potential bonding, any legal constraints on the issuance of POBs at the state level, the ratio of the proposed issuance to the pension plan's total liabilities, the investment strategy for the bond proceeds (e.g., is the government selling bonds to buy bonds?), and whether the fees for underwriters and investment managers can be justified by the expected returns. PFM has specifically advised on many POB and pension-related (POB refunding, etc.) transactions and we are actively working with several clients including the State of Wisconsin on these matters now.

4. Describe the depth of your firm's analytical capabilities: personnel assigned to modeling and other quantitative analyses, use of unique proprietary and other financial models, ability to analyze and verify time sensitive and complex bids and other proposed financings, etc.

As a firm, PFM places particular emphasis on analytical capabilities and financial modeling. PFM uses the latest versions of powerful spreadsheets, incorporating numerous proprietary functions and macros, to build flexible, customized models that address the specific analytical requirements of our clients.

As evidence of PFM's commitment to analytical capabilities, PFM maintains a core of professionals, the Quantitative Strategies Group (QSG), dedicated to the development of proactive strategies and analytical tools for all of PFM's business practices. Through the use of advanced financial analysis and commercial and proprietary software, the QSG develops customized solutions to meet the individual quantitative needs of all of our clients.

Our extensive quantitative capabilities allow us to provide services which address the full scope of our clients' financial needs, ranging from capital financing strategies, to strategic planning and budgeting, to investment management strategies. Our Financial Risk Management, Structural Optimization, Refunding Efficiency, Forward Pricing, and Budget Projection Models, to name a few, assist us in achieving these objectives.

Below we have described selected analytical tools and models PFM would use to provide the scope of services requested by the State.

Debt Profile. In an effort to present a comprehensive yet simple to understand analysis of all historical and current debt, PFM has refined a process which has become known as "debt profiling." The debt profile includes a schematic diagram of all of a client's debt as well as individual reports detailing each bond issue. The debt profile is helpful in preparing presentations to decision-makers regarding the State's debt burden and analyzing the impact of future debt issues on the State's overall debt burden. PFM has custom built the State's debt profile for most of the State's issuers as part of our RFP response, which can be found in Appendix A.

Refunding Screen. PFM provides rigorous monitoring of our clients' outstanding debt portfolio for refunding opportunities. This analysis is facilitated by and runs in concert with the debt profile. PFM monitors each client's refunding opportunities on a regular basis, at least once a month, if not more often, based on market conditions.

To address the need for more rigorous analysis to support our clients' refunding decisions, PFM developed our proprietary, Excel-based Option Valuation (OV) model to screen refunding candidates. Together with calculations of Net Present Value savings, PFM uses this tool to measure the "efficiency" of a given refunding. PFM's OV model incorporates many of the high-end features common to corporate bond option pricing models that are available from online information service companies (e.g., Bloomberg Financial Services). At the same time, our OV model accounts for constraints and concepts only applicable to municipal bonds, such as limitations on advance refundings and/or "recoverable" expenses.

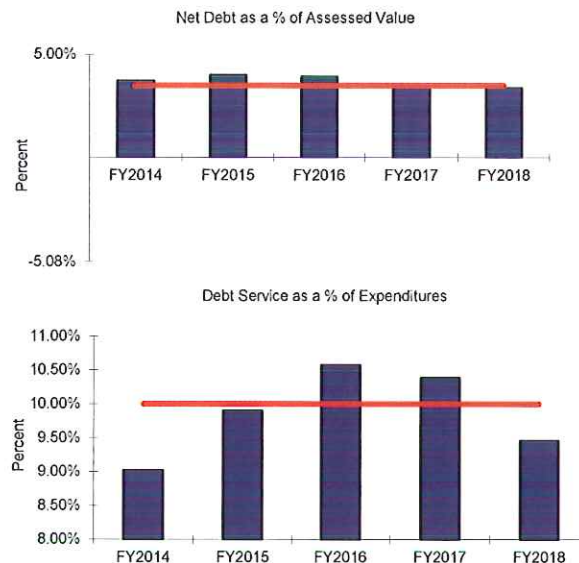
A current version of the refunding screen for the City's outstanding debt is in Appendix B. Using market conditions from March 11, 2013, the State currently [does/does not] have both taxable and tax-exempt refunding opportunities for their general obligation bonds.

Customized Models. Over the years, PFM has built numerous customized models for its clients, including, but not limited to: capital improvement plan models, debt capacity models, and cash flow models. Each model is built from scratch and tailored to the client's specific needs and goals. Below, we describe two such models that may be of interest to the City.

Many of our clients have looked to PFM to assist with the analysis of their debt capacity. In some cases, PFM builds and maintains the model, but in others we build it for the client's use. Screen models allow our clients to analyze various debt issuance scenarios and the subsequent impact on their debt ratios. Models are built with a bond issue sizer with flexibility to allow various inputs including interest rates, amortization structure, term of the bonds, and costs of issuance.

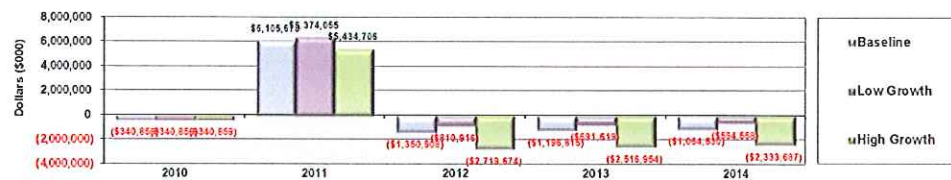
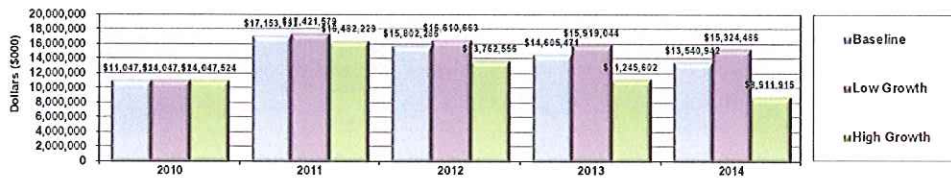
Sample screenshots from a PFM debt capacity model are shown below.

Project Name	
Dated and Delivery	12/1/2013
First Maturity	11/1/2014
First Interest	5/1/2014
Amortization (Years)	20
Last Maturity	11/1/2033
Interest Rates Based On:	
10 year Average	
Bond Insurance as Percent of Total Adjusted Debt Service	
0.00%	
Cost Issuance as a % of Par	
0.00%	
Underwriter's Discount per Bond	
\$0.00	
Debt Service Structure	
equal principal	
Project Fund	
50,000,000	



Multi-Year Budget Forecasting. PFM has developed a multi-year budget forecasting tool which is designed to give our clients the ability to quickly see the impact of different budget and operational decisions. This creates detailed budgetary projections, graphically updated in real time, based on a series of flexible inputs, which also allow users to quickly develop and compare "What If?" scenarios. Models are customized for each client and serve as effective planning tools for a wide range of users and stakeholders.

A sample screenshot from the multi-year budget forecasting model is shown below.

FY Surplus / (Deficit)FY Ending Fund Balance

Structural Optimization. One of the many value added components of PFM's robust modeling capabilities is the incorporation of What's Best! linear optimization software. What's Best! is a third party software provider that offers an Excel add-in package which assists in attaining an optimal answer to problems that must adhere to various linear constraints. For complex bond structuring and sizing scenarios, the use of this software enables our models to derive an optimal structuring solution, one which cannot be achieved through standard Excel functionality, DBC, or similar products due to limitations surrounding the complexity of user-defined constraints. Situations which necessitate such rigid and complex constraints, for reasons of legal compliance or internal policy, can be seamlessly incorporated and accounted for in PFM's proprietary models which utilize the What's Best! linear optimization software. PFM leverages its internal Quantitative Strategies Group to build robust and customized applications of What's Best! models which provide optimal structuring solutions that cannot be achieved through standard modeling.

A recent example of PFM's incorporation of the What's Best! software into a bond structuring framework is our work as financial advisor to numerous large and complex issuers within the State of New York. New York state local finance laws impose strict limits on the amortization schedule of bonds based on the projected useful life of the underlying projects being financed. Additionally, all bond issuances in the State must adhere to bond par and debt service schedule restrictions. The combination of these compliance regulations with issuer-directed policy results in the need for a complex and flexible structuring model with many interconnected constraints. Utilization of a What's Best!-incorporated proprietary model allows PFM to create structuring solutions that are fully compliant with the applicable laws while also meeting the policy goals of the client surrounding debt service structure and costs of borrowing.

Project Goals and Objectives

Vendor should explain and describe how it will perform each of the services contained in Section Four, Subsection 4 and as shown below.

4.1 Advise the State on general market conditions and outlook for financings, including: the issuance of bonds and other financing instruments, marketability, refunding opportunities, debt affordability, budgeting of debt service, and investor preferences.

4.8 Advise the State in the development, structure, and timing of issuance of bonds and other modes of financing including, but not limited to refundings, credit-enhancements, leased financings, asset-backed financings, GARVEE bonds, and private placements and in accordance with applicable Federal and State laws, regulations, customs, and practices governing such issuance.

4.9 Advise on the amount, timing, and nature of borrowings, as well as the credit structure, maturity schedule, call provisions and other items, as needed.

PFM prides itself on finding optimal solutions to solving client problems. Most financial advisors define their services as they relate to specific issuances of debt or even simply the process of issuing the debt. PFM, on the other hand, takes a different approach by defining its services as they relate to the formation and management of capital assets. Furthermore, PFM has deliberately staffed individuals who are able to go beyond the numbers and thereby contribute materially to the credit assessment process as well as the formation of structurally and legally sound financings. This is true whether it is a GO bond sale, or more complex GARVEE bonds or asset-backed financings.

During the financing process we would seek guidance from the State in regard to objectives, constraints and other considerations and we would then formulate recommendations on the most efficient structures and timing, and would develop an evaluation of all of the financing options. At PFM we believe it is our role to advise on available options, provide recommendations based on feedback from each client, and ultimately to make them work.

Analyze Debt Service Structures. The determination of an efficient issue structure is a function of three elements: (i) is the proposed amortization schedule well-coordinated with the State'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?; and (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 State staff, PFM will use the information it has gathered from the policy review and development phase of the engagement to facilitate the formulation of the issue structure and the terms under which the bonds are to be offered in order to the best market reception, given the current market. PFM's experience 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 State's fiscal policy objectives. Some of the key issues to be addressed are:

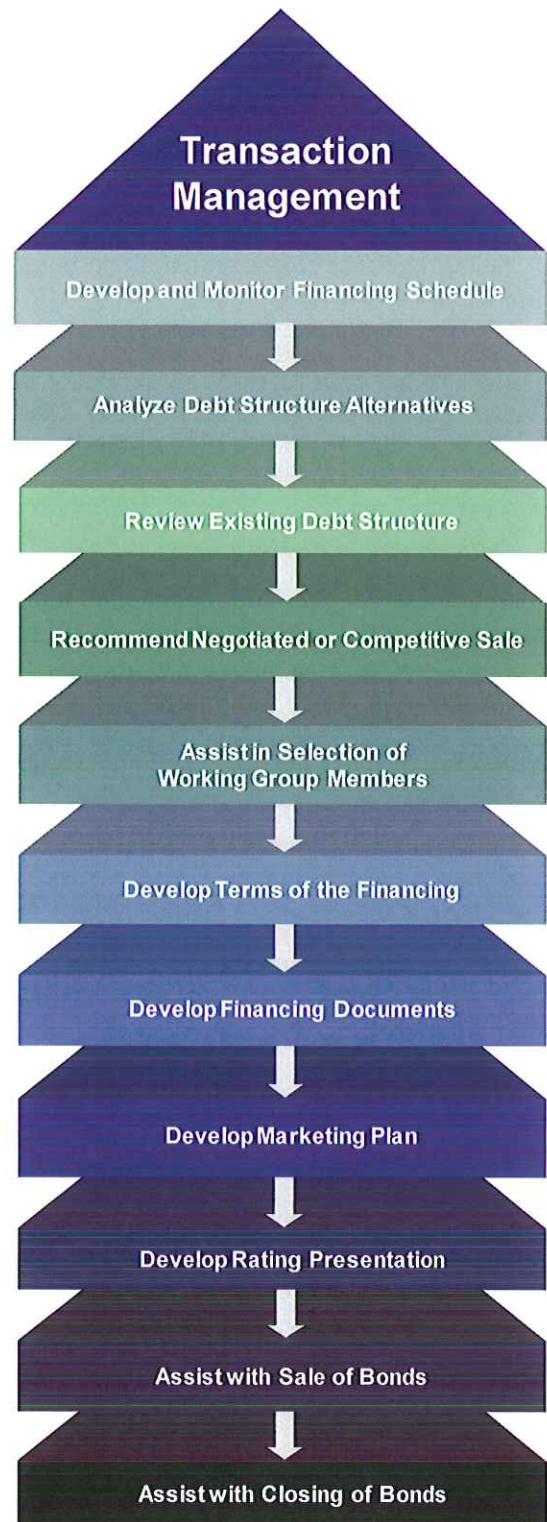
Maturity Schedule and Pattern of Debt Service. In general, PFM believes that State should schedule the redemption of its debt to maintain strong credit metrics and ratings, while preserving future debt capacity. PFM will utilize its technical expertise, understanding of the specific credit requirements needed to preserve 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 State financing program. As these provisions are developed, PFM will evaluate the potential impact of each term and condition of the financing on the State's ability to: (i) efficiently fund other projects in the future, (ii) efficiently manage its investments, (iii) minimize required debt service coverage without affecting bond ratings, (iv) 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 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 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.

Reserves. Our recommendation regarding types, uses, and size of reserve funding would be made to preserve the desired credit quality, give the utmost flexibility in the use of the funds, and minimize the cost of providing such funds.

Premium or Discount Restrictions. In the event of a competitive sale, the issuer normally will receive slightly more aggressive bids (i.e., bids at lower true interest cost to the issuer) if the bidding parameters reflect current market preferences. PFM will recommend a set of bidding parameters which will allow the issuer's debt to be well received in the market.



Timing of Sale. In recent years, volatile market conditions have forced issuers to carefully time their borrowings. Factors such as wildly fluctuating interest rates, unprecedented upheaval in the economic community, and regulatory reform proposals have combined to create a volatile market environment. To assist its clients with the timing of proposed issues, PFM closely monitors all such developments and evaluates the potential impacts of each.

In addition, PFM's regional and national perspective would allow the State to coordinate its offerings with those of other issuers. This effort is designed to focus underwriter and investor interest on the State'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 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 any transaction, we recognize that there are inherent risks in trying to anticipate market trends and believe that the cash flow needs would normally be the most important factor affecting the timing of a particular sale. Our advice concerning issue timing will reflect PFM's sensitivity to your needs, our experience, as well as our cautious interpretation of all current market and legislative information.

4.2 Advise the State on alternative mechanisms to finance projects, such as the use of public-private partnerships and securitization of revenue streams.

PFM's experience throughout the country and across various market sectors exposes our professionals to every type of alternative financing approach. Innovations in another state or industry could have valuable applicability to the State. Our network of experience and our exposure to all types of alternatives are a resource for the State. Also, because PFM is in the market with more pricings than any investment banker, we have an extensive knowledge of the types of structures that investors are particularly interested in.

PFM is at the forefront of current P3 trends as confirmed by several award-winning projects. The Port of Baltimore/Seagirt Terminal Concession won Project Finance Magazine's North America Logistics Deal of the Year Award for 2011 and the Milford Wind Corridor Renewable Energy P3 won Bond Buyer's 2010 Deal of the Year Award. The Seagirt Terminal Concession was Maryland's first P3 project and we are currently guiding North Carolina through its first P3 project, the Mid-Currituck Bridge, using an innovative Pre-Development Agreement under which the presumed concessionaire conducts the project's feasibility study and preparatory work.

PFM's experience with public-private partnerships incorporate the evolving trends in P3s, ranging from design-build construction contracts to multi-decade concession agreements which encompass financing, design, construction, operations and maintenance, fee setting, and revenue sharing. Beyond the current trends, PFM has for decades advised its clients on various contracts and arrangements with the private sector. These include ground leases, real estate developments, management contracts, utility service contracts and Private Activity Bonds (PABs). PFM has substantial experience in assisting its clients with developing multi-year and multi-project P3 greenfield projects as well as incorporating P3 structures on existing infrastructure assets. We view P3 as an extension of project finance and understand that it often involves the use of complimentary financing strategies such as federal funding (i.e. TIFIA loans) and/or PABs. PFM recently acquired in 2011 Scott Balice Strategies, a firm that was emerging as a leader in the field of private public partnerships. With this acquisition, PFM now has a dedicated group focused solely on P3 opportunities.

The PFM Team brings the State unmatched expertise in project finance, construction management, financial feasibility studies, revenue studies, innovative financing strategies as well as in-depth analytical framework specific to P3 financial structures. PFM has advised state and local government agencies in the review, evaluation, and execution of more than 50 P3 projects. We have advised on the negotiation of numerous development agreements and on the financing of billions of dollars of projects. We have strong

relationships with the infrastructure investor communities and leverage our relationships to provide market color to our clients with regards to project structure and value for money analysis.

The PFM approach embraces all of the characteristics of a successful P3 program. PFM developed a decision framework, the Demonstrated Value Analysis (DVA), which analyzes project cost, schedule, value engineering and the benefits of risk transfer at different stages of the P3 procurement process. At each critical stage of the project, the DVA compares the P3 model to traditional agency financing and delivery of the project. After confirming investor interest in the project, after the RFQ process, and again after extensive investor due diligence but prior to solicitation of bids, the DVA approach enables our clients to adjust the P3 contract to secure more favorable terms or, if the analysis justifies it, revert to a traditional in-house managed design/bid/build approach to project delivery. This analytic framework, coupled with our proprietary cash flow models, will ensure that our client's approach to privatizing selected projects is sound. Using these tools and our access to current market information through a broad network of infrastructure funds and major contracting firms, PFM will provide a transparent comparative analysis of cost, schedule, value, and risk of P3 or traditional delivery mechanism that supports the project delivery choice our client selects.

Additionally, PFM has substantial experience advising its clients on asset securitizations and working capital financings. Our experience at the State level in this regard has primarily originated from tobacco financings. Since 2005, PFM has worked on nine tobacco working capital transactions totaling \$9.8 billion for the states of Illinois, Michigan, Minnesota, Ohio, Iowa, North Dakota, and Alabama.

4.3 Advise the State on rating agency matters and strategies for rating agency meetings, including: preparing material for rating agency visits or calls, or meetings; identifying identity and background of rating agency personnel and a synopsis of their likely concerns and questions; preparing the State participants, including providing outlines of talking points to be made by each State presenter.

4.6 Present on proposed bond issues and financings to rating agencies and potential purchasers of the securities.

4.11 Assist in preparing and presenting timely and adequate information on proposed financings and the State's finances and operations to the bond rating agencies and institutions providing credit enhancement.

PFM has developed considerable experience working with the major national rating agencies. PFM maintains constant dialogue with rating analysts and is well aware of any changing criteria or areas of focus. As such, PFM's rating expertise and advice is considered throughout our financial advisory engagement and is seamlessly integrated into PFM's delivery of ongoing financial advice.

The PFM team is extremely active in the credit rating review process, ensuring that our clients are well prepared to respond to issues raised by rating analysts and investors. As a result of our frequent interactions, PFM has developed a clear understanding of the analytical methods utilized by each rating agency for State level issuers and state credits. Our team, which includes former rating analysts, is trained to conduct in-depth credit analyses comparable to the rating agencies so that both credit strengths and weaknesses can be identified prior to any presentation of data to rating analysts. This experience has been utilized effectively to improve the credit ratings assigned to numerous issuers across the nation and to introduce new credits to the market.

PFM considers participation in the creation and implementation of the credit strategy a vital part of our role as a financial advisor. We collaborate with the financial working group to determine the best approach to telling the "credit story" of our clients and how to best convey that message. Each rating agency looks for specific, yet different key data and the benefit of our experience and understanding of your issues is that PFM can help devise the proper message for the State of West Virginia. We will work closely with the rating agencies to fully understand their concerns and methodology and to design the rating presentations to specifically address each agency's questions in a meaningful way, while highlighting the State's strengths and providing the appropriate context for the State's weaknesses.

In addition to issuer specific credit strategies, PFM plays a very active role in the evolving criteria changes that rating agencies propose and implement. Aside from alerting clients of changes and potential impacts, PFM actively responds to proposed criteria changes and requests for comments by the agencies as well as initiates dialogue with the agencies and specific analysts. Additionally, PFM often works with other industry participants and representative bodies to encourage more open dialogue of sweeping changes and to ensure the issuers' concerns are heard. An example of this is the proposed new methodology for how Moody's will incorporate pension obligations as part of a state's or municipal entity's debt obligation. PFM has taken a leading role in providing feedback, both representing our state and local government clients as well as industry groups providing feedback to Moody's. Please see Appendix C for our comments submitted to Moody's on their proposed adjustments to US State and local government reported pension data.

Perhaps more important to the State is our full understanding of the State's current credit profile, and the active credit structures which the State employs for much of its funding needs in the capital markets. While many of the credits are capacity constrained, they are active credits with substantial outstanding debt. We have summarized four of the current credit structures of the State – general obligation, lease revenue, lottery revenue, and excess lottery revenue – as they are viewed by the three rating agencies. We maintain strong relationships with not only the rating agencies as an institution, but also with the analysts currently assigned to the State of West Virginia. We work with John Sugden, Lisa Heller and Karen Krop in other state-level assignments in the mid-Atlantic geographic. As such, PFM is ready to move quickly on credit related issues for the State and push forward key agenda items. We do believe that an upgrade with S&P is possible in the near-term, given the developments at the State and the action to address S&P concerns.

Summary of State of West Virginia General Obligation and Lease Credits		
Standard & Poor's	Moody's Investors Service	Fitch Ratings
Primary Analyst: John Sugden	Primary Analyst: Lisa Heller	Primary Analyst: Karen Krop
AA (GO) / AA- (Lease) – Stable Outlook	Aa1 (GO) / Aa2 (Lease) – Stable Outlook	AA+ (GO) / AA (Lease) – Stable
Strengths <ul style="list-style-type: none"> • Solid financial management, including responsive actions to challenges • Economic base that has provided stability in periods of economic downturn • Addressing challenges such as Pension and OPEB challenges • Historical debt service coverage of 2.39x in 2011 	Strengths <ul style="list-style-type: none"> • Fiscal conservatism • Favorable General Fund performance • Budget Reserve Fund levels are high • Strong executive power to make mid-year spending adjustments 	Strengths <ul style="list-style-type: none"> • Recent strong financial results, with sizeable Rainy Day fund balances • Diversification of economic base over recent years, though still exposure to cyclical industries • Disciplined effort to look at financial challenges (Pension/OPEB) • Tax supported debt is moderate
Considerations <ul style="list-style-type: none"> • Sizeable Pension and OPEB liabilities remain • Rising debt burden • Lease rating is notched off of GO rating 	Considerations <ul style="list-style-type: none"> • Below average per capita incomes • Significant unfunded pension liabilities, especially in Teachers Retirement System • Above average concentration in coal industry • Lease rating one notch off of GO credit 	Considerations <ul style="list-style-type: none"> • Low and slow-growing personal income levels • Pension funding levels remain weak, notwithstanding recent actions • Economic base subject to cyclical natural resources, primarily coal • Lease rating one notch off of GO

We are certainly aware that the State uses other credits, such as the securitization of federal funds for transportation (GARVEEs) and the one-time securitization of tobacco settlement receipts (a transaction completed by Jim Haddon, a PFM team member, while he was at Citigroup and running their securitization group). We also are closely watching the recommendation of the Blue Ribbon Committee

for transportation needs, and it is our expectation that a new credit and financing structure may be created to lever certain dedicated revenues, within the constraints of West Virginia statutes on broad general pledges. It is certainly our expectation that alternative financing structures and credits, particularly within the public-private partnership space will also be carefully considered and reviewed.

Summary of State of West Virginia Lottery Revenue and Excess Lottery Revenue Credits		
Standard & Poor's	Moody's Investors Service	Fitch Ratings
Primary Analyst: John Sugden	Primary Analyst: Lisa Heller	Primary Analyst: Karen Krop
AAA/AAA Stable Outlook	A1/A1 Stable Outlook	A+/A+ Stable Outlook
Strengths <ul style="list-style-type: none"> • Very strong debt coverage levels, including current 9x coverage on Lottery Bonds • State Lottery Commission's strong oversight • Importance of lottery revenues to General Fund • Very limited leverage 	Strengths <ul style="list-style-type: none"> • Strong debt service coverage • High priority of debt service from lottery revenues • Historically strong management of the state's lottery enterprise 	Strengths <ul style="list-style-type: none"> • Ample debt service coverage; no rating differential between liens due to debt coverage • High priority of funded projects • Strong legal pledge • Success of the lottery commission in adapting to a competitive landscape
Considerations <ul style="list-style-type: none"> • Potential for dilution of coverage • Additional bonds test allows for more leverage in revenue stream • Increasing competition for lottery dollars from neighboring states 	Considerations <ul style="list-style-type: none"> • Lack of constitutional protections for the pledged revenue streams • Increasing competition from neighboring states • Narrow source of pledged revenues • Potential changes in consumer interest in gaming 	Considerations <ul style="list-style-type: none"> • Discretionary revenue stream, subject to competition • Lengthy amortization period for discretionary revenue stream • Additional bonds test of less than 3x on discretionary revenue stream

4.4 Develop and maintain a model of all of the State's outstanding debt issuances on a maturity-by-maturity basis, with all relevant descriptive information for each maturity (CUSIP, series, dated date, sale date, maturity date, original par, outstanding par, coupon, call provisions, refunded status, type of issue, debt service, etc.), to allow, among other purposes, for graphical depictions of the State's debt profile, and scenario analyses of the impact of future debt issuance and for use in State budgeting processes and official statements.

PFM maintains a comprehensive database of the State's General Obligation and Revenue Bonds, including those issued through the State's Economic Development Authority, School Building Authority, Higher Education Policy Commission, Tobacco Settlement Finance Authority, and Water Development Authority in a proprietary database called the "Debt Profile." The Debt Profile includes schematic diagrams of the State's debt and catalogs each maturity of each bond issue in a series report. Each series report shows the important structural features of the State's bonds including the maturity date, coupon, yield, call date and price, and eligibility for advance, current or forward refunding under the tax code.

PFM begins each client engagement by creating and monitoring a sophisticated debt profile model specific to each client. The debt profile model is a powerful tool and is custom built for the State of West Virginia. Each bond series report shows the important structural features of all bonds including the maturity date, coupon, yield, call date and price, and eligibility for advance, current or forward refunding under the tax code. These tools permit PFM and the State to analyze the impact of future debt issues on the State's overall debt burden and prepare presentations to decision-makers regarding the profile of the State's debt. PFM has developed a first draft of the State's general obligation debt profile using publicly available information from TM3, Bloomberg, the State's financial documents and other subscription-based information services. To jump start the initial phase, PFM has already analyzed the State's existing

general obligation debt composition. A screen shot of the summary of general obligation debt outstanding as well as a sample series report are included below.

State of West Virginia as of June 30, 2012													
Series Name	Indenture	Tax Status	Status	Issue Size	Delivery Date	Final Maturity	Outstanding Par	Next Call Date	Refunding Status				
									Advance	Forward	Current	Non-Callable	
1995A (Non-AMT)	General Obligation Bonds	Tax-Exempt	New Money	35,300,000	6/4/96	11/1/26	7,995,000	-	-	-	-	-	7,995,000
1996D (Non-AMT)	General Obligation Bonds	Tax-Exempt	New Money	50,000,000	12/18/96	11/1/26	6,250,000	11/1/2016	6,250,000	-	-	-	-
1999A (Non-AMT)	General Obligation Bonds	Tax-Exempt	New Money	68,000,000	3/11/99	11/1/26	25,100,000	11/1/2016	25,100,000	-	-	-	-
1999B (Non-AMT)	General Obligation Bonds	Tax-Exempt	New Money	69,893,310	5/25/99	11/1/26	40,782,358	-	-	-	-	-	40,782,358
1999C (Taxable)	General Obligation Bonds	Taxable Municipal	New Money	14,000,000	5/25/99	11/1/18	9,075,000	-	-	-	-	8,025,000	1,050,000
1999B (AMT)	General Obligation Bonds	AMT	New Money	7,300,000	6/9/99	11/1/22	375,000	-	-	-	-	-	375,000
Series 2001	General Obligation Bonds	Tax-Exempt	New Money	110,000,000	7/12/01	6/1/13	1,565,000	-	-	-	-	-	1,565,000
2005 Refund	General Obligation Bonds	Tax-Exempt	Refunding	321,405,000	5/26/05	6/1/25	233,895,000	6/1/2015	-	159,300,000	-	-	74,595,000
2008 Refund	General Obligation Bonds	Tax-Exempt	Refunding	94,180,000	11/1/08	11/1/26	69,355,000	11/1/2016	-	69,355,000	-	-	20,000,000
2010A Refund	General Obligation Bonds	Tax-Exempt	Refunding	35,135,000	7/22/10	6/1/23	35,135,000	6/1/2020	-	21,905,000	-	-	13,230,000
2011A Refund	General Obligation Bonds	AMT	Refunding	18,615,000	9/28/11	11/1/22	18,150,000	-	-	-	-	-	18,150,000
Total							488,677,358	-	92,950,000	250,560,000	8,025,000	-	177,742,358

State of West Virginia Series-by-Series Analysis													
1996A (TE)				General Obligation Bonds				Underwriter: Fehrs, Baker Wata, Inc.				Bond Counsel: Staphle & Johnson	
												Financial Advisor: Prudential Securities Inc.	
Date	Series	Par Amount	Coupon	Bond Price	MMID	Bond Insurance	Redemption	Date	Optional	Price	Year	Outstanding Fiscal Year Debt Service as of 6/30/12	
												Principal	Int./Accr. Fee
11/1/96											6/30/95		
11/1/97											6/30/95		
11/1/98											6/30/97		
11/1/99											6/30/98		
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11/1/11											6/30/10		
11/1/12											6/30/11		
11/1/13											6/30/12		
11/1/14											6/30/13	609,619	609,619
11/1/15	Term 18	665,000	7.625%	5.680%	122.687	0.20%	FGIC	Non-Callable			6/30/14	609,619	609,619
11/1/16	Term 18	2,300,000	7.625%	5.680%	123.316	0.20%	FGIC	Non-Callable			6/30/15	609,619	609,619
11/1/17	Term 18	2,440,000	7.625%	5.680%	123.911	0.20%	FGIC	Non-Callable			6/30/16	584,265	1,249,265
11/1/18	Term 18	2,590,000	7.625%	5.680%	124.473	0.20%	FGIC	Non-Callable			6/30/17	2,300,000	471,225
11/1/19	Term 21	2,740,000	5.150%	5.950%	99.333	0.20%	FGIC	2009 Refund	11/1/06		6/30/18	2,940,000	288,513
11/1/20	Term 21	2,915,000	5.150%	5.950%	99.333	0.20%	FGIC	2009 Refund	11/1/06		6/30/19	2,940,000	58,744
11/1/21	Term 21	3,095,000	5.150%	5.950%	99.333	0.20%	FGIC	2009 Refund	11/1/06		6/30/20		
11/1/22	Term 25	3,280,000	5.250%	5.950%	91.514	0.20%	FGIC	2009 Refund	11/1/06		6/30/21		
11/1/23	Term 25	3,465,000	5.250%	5.950%	91.514	0.20%	FGIC	2009 Refund	11/1/06		6/30/22		
11/1/24	Term 25	3,650,000	5.250%	5.950%	91.514	0.20%	FGIC	2009 Refund	11/1/06		6/30/23		
11/1/25	Term 25	3,835,000	5.250%	5.950%	91.514	0.20%	FGIC	2009 Refund	11/1/06		6/30/24		
11/1/26	Term 25	4,020,000	5.250%	5.950%	91.514	0.20%	FGIC	2009 Refund	11/1/06		6/30/25		
Insurance Par				35,300,000				Outstanding Par		7,995,000		n.a. w/ fiscal dates	
Average Life				25.97 years									
Purpose of Issue				Dates				Sources of Funds				Uses of Funds	
Capital projects				Dated Date				For Amount					
				Delivery Date				Plus: CIP/OC					
				Sale Date				Accrued Interest					
				First Interest Payment				Total Proceeds					
				First Maturity Date				Total Sources					
No Sources and Uses available								35,300,000.00				35,300,000.00	
								211,806.80				211,806.80	
								365,208.59				365,208.59	
								35,937,015.39				35,937,015.39	
								Other Uses				35,571,806.50	
								Accrued Interest				365,208.59	
								Total Uses				35,937,015.39	

We have provided the State's General Obligation Bonds debt profile in Appendix A.

4.5 Maintain and regularly update a "refunding screen" which uses current municipal bond and reinvestment rates, as well as call option values, to provide a maturity- by-maturity listing of refunding candidates, rank-ordered by present-value savings both in dollars and as a percentage of refunded principal.

At least monthly, or more frequently if market conditions warrant, PFM will analyze the State's entire debt portfolio for refunding opportunities using PFM's "Refunding Screen." Beyond the typical savings shown in any refunding analysis, PFM provides analysis of both savings and option value on a maturity-by-maturity basis. Option value measures the current savings as a percent of the total estimated, potential savings for each bond maturity. To run the option value analysis, PFM uses a proprietary model which estimates the theoretical value of the call option retained by the State for a given bond.

As preparation for our Statement of Qualifications, we have already developed a customized excel-based debt profile which we will interface with our customized refunding screen model and our option valuation model to identify refunding opportunities for the State.

PFM has been an industry leader in analyzing and structuring a variety of current and advanced refunding techniques and has developed several models that maximize the present value debt service savings realized by the issuer. PFM also has the capability to perform complicated financing structures that may



provide alternatives to traditional refunding techniques including cross-over refundings, variable rate debt restructuring options, fixed rate conversions, replacement commercial paper programs, Dutch auction variable rate bonds, and synthetic fixed/synthetic variable rate periodic auction reset securities.

Additionally, unlike most Wall Street firms, and virtually every other financial advisory firm, PFM has the ability to analyze not only refunding savings on a maturity-by-maturity basis, but also negative arbitrage, transferred proceeds and call option value for each of our client's outstanding bonds. These proprietary models are of crucial importance if a refunding is to be optimally structured.

Through an initial assessment of your debt profile, we have identified several opportunities for the State to achieve debt service savings through traditional refunding opportunities. For example based upon current market interest rates, two maturities of the Series 1996D (Non-AMT) Bonds and three maturities of the Series 1998A (Non-AMT) Bonds could be partially advance refunded. Our analysis assumes a traditional tax-exempt, fixed rate refunding with uniform savings. Aggregate savings from this refunding would be approximately \$1.36 million on a PV basis, or 6.45% of refunded par. We have included below a screen shot of the general obligation refunding analysis. If hired as your independent financial advisor, we would provide you with a more detailed analysis of the refunding, considerations and recommended structuring alternatives.

West Virginia General Obligation Bonds Maturity by Maturity Savings Analysis																				
Description		Dates	Issue Amount Par	Issue Price	Call Provisions	Yields		Refunding Error		Savings		Option Value		Cumulative Results						
Series	Component	Maturity	Amount	Coupon	Date	Price	Bond Yr	Arbitrage	SLGS (J)	Excess	Gross	PV %	% of Par	PV %	Sys %	Refunded Par	Refunding Par	PV Savings	% of Par	
1996D (Non-AMT)	Term 23	11-1-2023	\$8,318,000	5.25%	11-1-2016	102%	1.877%	1.877%	0.800%	0.300%	\$822,301	(115,749)	44.1%	460,651	398,481	12.354%	3,215,000	2,976,406	338,411	12.35%
1996D (Non-AMT)	Term 23	11-1-2022	\$5,035,000	5.25%	11-1-2016	102%	1.724%	1.724%	0.800%	0.300%	\$508,209	(140,962)	44.7%	382,650	344,741	11.020%	4,250,000	4,011,121	238,879	11.35%
1998A (Non-AMT)	Term 26	11-1-2023	\$4,905,000	5.20%	11-1-2018	102%	1.877%	1.877%	0.800%	0.800%	\$451,993	(311,451)	123.8%	245,697	215,597	5.12%	5,715,000	5,499,406	215,594	3.78%
1998A (Non-AMT)	Term 26	11-1-2022	\$4,760,000	5.20%	11-1-2018	102%	1.724%	1.724%	0.800%	0.800%	\$479,814	(261,458)	144.6%	174,122	160,801	3.79%	5,545,000	5,384,601	160,399	2.91%
1998A (Non-AMT)	Term 26	11-1-2024	\$5,165,000	5.20%	11-1-2018	102%	2.017%	2.017%	0.800%	0.300%	\$493,622	(369,351)	190.0%	221,404	194,321	3.76%	6,275,000	5,905,699	369,301	5.90%
1998A (Non-AMT)	Term 26	11-1-2025	\$5,590,000	5.20%	11-1-2018	102%	2.147%	2.147%	0.800%	0.800%	\$622,535	(440,597)	319.6%	153,818	137,817	2.46%	6,670,000	6,229,199	440,801	6.62%
1998A (Non-AMT)	Term 26	11-1-2026	\$5,680,000	5.20%	11-1-2018	102%	2.277%	2.277%	0.800%	0.800%	\$735,600	(489,419)	357.3%	61,836	64,599	1.13%	7,405,000	7,340,600	64,400	0.87%

(1) Moody's AAA GO Scale plus 0.12 % as of 4/25/13.

(2) State and Local Government Series (SLGS) rates as of 4/25/13.

(3) Present Value Savings as of 6/1/13.

(4) PV Savings as a percentage of Refunded Par.

Once the State has identified the need to approach the market with a refinancing transaction, PFM will work through the transaction management process to make certain that the necessary actions take place to complete the financing. Our expertise in debt structuring, creating credit structures, managing the rating agency/insurer relationship and pricing bonds adds value during each phase of the financing process.

PFM's approach in serving as a Financial Advisor goes beyond traditional transaction management; our approach incorporates our professionals' expertise with long-term financial planning, sophisticated model development and quantitative strategies to answer complex questions and reduce financing costs and risks in all market environments. We are prepared to assist in the development of financial strategies which support the State's long-term vision, policy goals and objectives.

As financial advisor, PFM analyzes a potential borrower's outstanding bond issues and structures relative to a client's legal and financial constraints. We look for opportunities to improve the structure of the outstanding debt and to reduce borrowing costs for our clients. PFM regularly runs debt profiles on each of their clients to monitor the market for any opportunities that may arise in the market.

PFM has spent a significant amount of time developing a suite of analytical tools which are available to the Team to prepare and analyze potential refunding opportunities, new money issues, and cost benefit analysis of pursuing credit support. PFM's Refunding Screen tool is one such tool that unique in the industry. It has the ability to identify any outstanding bonds that may be eligible for refunding on a current or advance basis. A sample Refunding Screen for the State's outstanding General Obligation debt is included as Appendix B.

4.7 Provide the State with any training, newsletters, and other informational material routinely provided to clients or on request as necessary to enhance State capacity for financing-related activities.

Unlike any of our competitors, PFM places a significant emphasis on formal training for our clients. PFM believes that the more knowledge and quantitative capabilities we can share, the better positioned our clients will be to enhance their existing programs and generate ideas for structural improvements. We offer both formal and informal training approaches for our clients. Formally, PFM offers two complimentary client training seminars each year. These courses address current topics in municipal finance, current market dynamics and the issuance and post issuance processes for tax exempt bonds. Our upcoming training agenda is available at <http://www.pfm.com/training/indextrain.html>.

This formal client training program consists of a week-long seminar in our training facilities in our Philadelphia headquarters office. During this week, our clients spend four to eight hours a day learning the intricacies of bond finance (time value of money, yield curve, forward rates, etc.), public finance fundamentals, and the basics of arbitrage rebate and investment management. Seminars are led by senior professionals from around the firm, and all of our structured programs qualify for continuing education credits.

We also offer client training programs at client sites tailored for specific topics of interest. We have designed on-site seminars covering basic municipal finance concepts, complex topics such as derivatives, as well as cash management, arbitrage rebate, yield restriction and post issuance compliance.

PFM professionals are supported by several centralized resources that facilitate the regular flow of relevant market and other information. Our Marketing, Research and Training Support group maintains an extensive library of industry publications and reports as well as on-line news resources such as Factiva, Bond Buyer and Thomson Municipal News. The PFM Pricing Group has access to TM3, MMA, MMD, MSRB data and Bloomberg, among other resources which along with their daily participation on the negotiated pricing of our clients' bonds is a centralized source of real time municipal market information. Lastly, PFMAM is a Registered Investment Advisor with over \$46.6 billion of assets under management as of March 31, 2013. Our daily participation in the fixed income markets serves as an additional source for developing market insights for our clients. Collectively, these resources allow us to stay abreast of the latest market developments, track municipal new issue pricings, access market interest rate scales, and track secondary market trading activity and holders of bonds.

Lastly, PFM has full access to all rating reports that are produced by Moody's, Standard & Poor's, and Fitch. Given the volume of change at the rating agencies, PFM regularly disseminates updates to our clients on developing trends at the rating agencies, and creates forums (such as webinars) for information exchange among our clients. We find these efforts make PFM and our clients more effective when the rating agencies or other municipal market participants are seeking requests for comments on major criteria changes. Lastly, PFM subscribes to Moody's Municipal Financial Ratio Analysis Database that includes key statistics of all U.S. issuers that are rated by Moody's. PFM uses the MFRA database extensively in preparing our clients for the rating process. Additional discussion regarding PFM's approach to advising the State with regard to the rating process is presented in response to scope of service items 4.3 and 4.6 herein.

4.10 Assist in preparation of official statements, notices of sale, bond documents and other appropriate information to prospective bond and note investors.

4.20 Advise the State of continuing disclosure requirements and best practices.

PFM will coordinate with State officials, bond counsel, underwriters, banks, and other team members to review and comment on all bond documents, such as trust indentures, official statements, loan agreements, reimbursement contracts, bond purchase contracts, remarketing agreements, feasibility studies, use agreements, arbitrage certificates and other documents that may be necessary for bond issues and other debt instruments considered by the State. Although PFM does not prepare these documents, we review them and recommend changes and improvements where necessary to serve the interests of our clients.

Working closely with the State's staff and legal counsel, PFM will be actively involved in the review of key disclosure materials required to effectively market the bonds. These disclosure materials include the preliminary official statement ("POS"), the final official statement ("OS"), and the notice of sale ("NOS"). Typically the POS is drafted by legal counsel, and PFM prepares the NOS.

On competitive sales, the NOS is a critical document for communicating to the underwriting community. The NOS sets forth the parameters for bids on the State's bonds and those parameters must reflect current market conditions and investor appetites so that interest in the State's bonds is maximized. Appealing to investors must be balanced, however, with providing the State with flexibility and favorable provisions to meet its needs. When developing a NOS, PFM surveys current market transactions, both competitive and negotiated to determine which bond structures and features are attractive. We engage our internal pricing group and the underwriting community in discussions to solicit their opinions on investor demand and marketable bond structures. We then develop bidding parameters that reflect that research, the legal provisions set forth in the authorizing resolution adopted by our clients' governing body and the financial objectives of our client. These parameters are then distilled into the NOS which we seek to make as clear and straightforward as possible to avoid any confusion on the sale date.

For the State's offerings, PFM will review the State's existing POS format and recommend any changes that may enhance the presentation of relevant information. The importance of the POS cannot be overstated. It serves not only as the primary marketing and promotional tool for issuer and underwriter and as the vehicle for the disclosure of important financial and legal information about the issuer, but also as the primary source of information to rating agencies. It distributes factual data, but also relays a message about the issuer'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 in some cases, the issuer's only official contact with its investors at the time of sale.

While recent market developments suggest that legal counsel, rather than financial advisors, should have primary responsibility for the preparation of disclosure documents, PFM believes that sound disclosure is the foundation for effective investor relations, a key area of focus for the financial advisor. The erosion of confidence in the rating agencies has taken its toll on investors who purchase the State's bonds. No longer willing to rely on the rating agencies as proxies, credit analysts at major institutional investors are performing their own detailed credit analysis. In the last several years, PFM has fielded many more calls from investors seeking meetings and audiences directly with our clients, outside the cycle of a bond sale.

To position our clients to meet this market trend, we recommend dialog, to include the State's legal advisors, regarding a formal investor relations program and enhanced disclosure. A chief complaint from the buy side is that compared to the corporate bond and equity markets, municipal disclosure is not timely, and financial information is stale when released many months after the close of a fiscal year. As investors continue to rely on internal credit analysis, borrowers who act to remedy this gap will be rewarded.

Add to the rationale for a robust investor communications program, the eccentric proclamations of equity market analyst Meredith Whitney and the credit woes of the federal government which create "headline risk" for states and local governments alike. Unfortunately, negative headlines and perceptions about "all governments" become reality in the municipal marketplace and can drive investor behavior. This was seen as over \$104 billion flowed out of municipal investments starting in the fall of 2010 through the end of 2011. A strong investor relations program based on solid disclosure practices can help combat that trend.

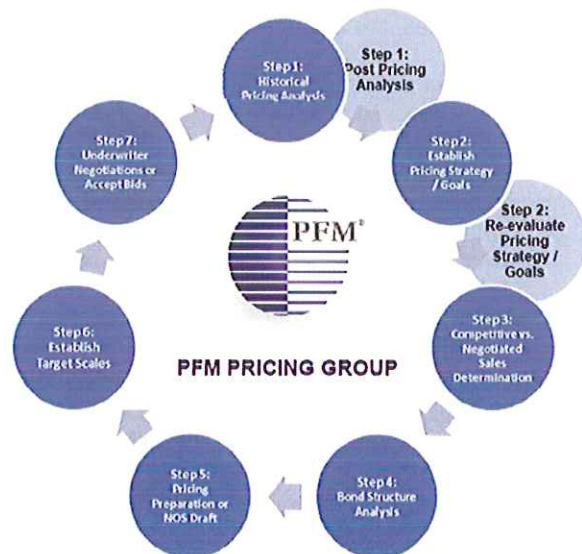
PFM's role in advising our clients with respect to continuing disclosure varies with each client and is dependent on their particular situation. Our assistance to the State may include some or all of the following:

- Assisting with review of the official statement for the primary offering. The official statement will create certain information standards for the annual information statements which are to be filed with the Electronic Municipal Market Access system ("EMMA").
- Reviewing the agreement, drafted by legal counsel, that is made between the State and bondholders which sets forth the ongoing obligations of the State to comply with the SEC rules for continuing disclosure.
- Assisting with preparing and filing the annual information statement required by the SEC. We will review the information statement or assist in its preparation, and we will distribute the statement to the required information repositories if requested.
- Assisting the State with developing procedures for determining when an "event" disclosure has occurred, assessing specific financial events to determine whether such events should be disclosed, preparing the event disclosure statement, and filing the disclosure statement with EMMA.

4.12 Evaluate the terms and recommendation of acceptance, rejection or renegotiation with respect to sale bids or final pricing.

During a competitive sale, after the electronic bids are submitted, PFM reviews each bid for compliance with the bidding parameters in consultation with legal counsel. Once the bids are determined acceptable, we quickly calculate and verify the true interest cost of each bid, identify the winning bidder, and make a recommendation to the State as to the award of bonds. If the bond issue has a refunding component, we also re-evaluate the refunding candidates, re-size the bond issue (when appropriate) and work with the verification agent to ensure that the bonds are verified.

In the case of a negotiated sale, a hallmark of the PFM approach to advising our clients is that we are able to draw upon a dedicated resource focused solely on the effective pricing of our clients' bonds, the PFM Pricing Group. This group of professionals is led by Todd Frazier, a Managing Director at PFM and is focused on providing centralized access to market information and trends. PFM is in the primary market, on average, three times per day pricing tax-exempt bond issues for our clients. The Pricing Group leverages our knowledge firm-wide for our clients' benefit, cultivates professional peer-to-peer relationships with underwriting desks, and fosters a better understanding of the internal workings of the underwriting process at the investment banks.



PFM's pricing group operates completely independent of the underwriting of municipal securities and has the ability to quickly and independently benchmark pricing performance of comparable transactions. Instead of "calling around" to underwriting desks to get a feel for the market, we provide our clients with informed, independent advice on the structure and pricing of their bonds based on our own in house analyses. As part of our approach, PFM performs option-adjusted spread analysis on comparable transactions. Given the rigorous OAS analysis conducted (and described in further detail in Scope of Service item 4.5 of this proposal), PFM begins every negotiated pricing with our own independent pricing thoughts.

PFM takes great pride in providing aggressive and informed representation to its clients in the pricing of securities. For a negotiated financing, we would serve as the State's agent with respect to the pricing of the bonds. PFM would work with the State to establish the pricing parameters for the gross spread, the debt structure and target interest rates. We would actively monitor the sale of the debt during the order period. Recommendations would be made to the State regarding re-pricing of all or a part of the debt structure based on preliminary orders and municipal and government market conditions over the course of the order period, and our own quantitative analysis of the State's appropriate yield schedule vis-à-vis the whole of the market. PFM would assemble and distribute regularly updated pricing materials containing comparable rate and spread information on other recent bond sales. This pricing information, along with our on-line-data and quantitative analysis, will then be used to provide a picture as to the reasonableness of the underwriter's proposed pricing.

PFM would work with the State throughout the pricing, assisting in evaluating the efforts of the underwriting team. Our interactions with other underwriting firms, along with our own market analysis, give us sufficient information to objectively evaluate the underwriter's performance, increasing the probability that the State would obtain the very lowest interest cost possible on its debt. PFM may 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.

We are the only financial advisory firm, independent or not, actively providing this level of analysis for our clients. Consequently, PFM clients enter negotiated pricings with an informed opinion about where their debt "should" price. We have found that this not only helps our clients to understand the bond pricing process but also helps the underwriter in their discussions with the potential investors by providing a justification for a particular yield level or coupon structure.

4.13 Participate in meetings related to debt offerings including, due diligence, rating agency presentations, pricings, and closings.

4.15 Resolve issues regarding the sale and issuance of bonds that are raised by prospective purchasers, rating agencies, or public officials.

4.16 Participate in public forums as the State's Financial Advisor to explain financial aspects of borrowings or debt.

Once a financing team is assembled, PFM assumes the role of coordinator and catalyst, ensuring that the financing team stays on task. Our approach begins with the preparation of a financing schedule to give the working group a defined timeline to pursue. We then work seamlessly with the State in helping to coordinate and schedule the various aspects of its financings. We believe the best way to be successful is to foster a team oriented working environment with the State's group of assembled experts.

For meetings such as those listed in Scope 4.13 and matters described in Scope 4.15, we will act as your advocate and aid in the preparations for such meetings, calls and the like. At all times we will argue on the State's behalf (e.g., during bond pricing negotiations). For example, in the case of due diligence meetings, we ensure that our clients receive a list of due diligence questions in advance and discuss them prior to the due diligence call to ensure that all information requested can be referenced in the POS. In the case of the credit analysts, we have described our approach to managing the rating process and analyst interactions earlier in our proposal.

Another key role for the financial advisor is to serve as an extension of the State and its staff, and our purpose in that capacity is to best implement the strategic vision with our accumulated expertise in the applicable area. As such, we are the State's independent market expert and available to make presentations as needed in public forums where such external expertise is needed.

4.14 Review proposed rules, proposed legislation, and other documents relating to the State's financing programs.

From the federal, state, and local levels, PFM's market reach, client base, and transaction volume necessarily keeps the firm at the forefront of legislative matters that have the potential to affect how our clients operate, fund and/or finance facilities and projects. Our team will work with the State to evaluate the merits of any legislation that may affect the State and provide input to the development of legislative proposals to facilitate the State's financial goals.

A recent example is the Dodd-Frank Act's new requirements for municipal swap end-users and the Commodity Futures Trading Commission (CFTC) recently released final rules on business conduct standards for Swap Dealers and Major Swap Participants. As a result, for end-users of swaps—including for-profit corporations, healthcare and higher education institutions, non-profit organizations, and "Special Entities" (the term for municipalities under the Dodd-Frank Act)—the rules require that Swap Dealers must have a reasonable basis to believe that the end-user has a Designated Evaluation Agent (DEA) in the case of non-Special Entities, or, in the case of Special Entities, a "Qualified Independent Representative" (QIR) who is capable of independently evaluating investment risks with regard to swap transactions. PFMAM has created a report, included in Appendix F, to update our clients on the changing requirements for end-users of swaps.

4.17 Prepare pre-pricing books to provide estimates of the State's true interest cost for upcoming bond sales, and provide a financial advisory memorandum following each sale to demonstrate how the State's bond issues priced compared to expectations.

PFM believes that evaluating the success of any pricing is of the utmost importance and makes it a primary component of every engagement. To provide this information to our clients during a negotiated sale we use both Pre-Pricing Books and Financial Advisory Reports. A Pre-Pricing Book is prepared prior to a negotiated deal to compare the issue we have priced with other issues of similar characteristics. Included in a Pre-Pricing Book is information on the competitive and negotiated calendar, municipal bond supply figures, and a general market overview.

A Financial Advisory Report is a more detailed document that evaluates various aspects of a negotiated sale. Contained in the report is a list of yields on recently priced comparable issues, a comparison of underwriters' fees on recently priced deals, municipal market conditions leading up to and on the day of sale, a pricing analysis of the transaction, a description of the call provisions, ratings, credit enhancements and special features of the issue and a general background of the issue. The Financial Advisory Report not only measures the fairness of the sale terms but serves as a comprehensive reference to chart the market's evolving perception of the client's debt.

4.18 Analyze various financing proposals that are presented by state and local agencies, investment bankers, and other outside entities.

4.19 Assist the State in the procurement and selection of agents and services necessary or desirable for the sale and issuance of bonds and other financing instruments, including but not limited to verification agents, underwriters, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, and advertisers.

4.22 Review the performance of verification agents, underwriters, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, and advertisers.

PFM often assists its clients in the selection of parties to transactions, including underwriters, counsel, trustees, verification agents, remarketing agents, dealers, tender agents, insurers, liquidity providers, counterparties, printers, electronic bidding and posting services, advertisers and other vendors that provide services for a successful sale and issuance of bonds and other financings. We do not employ one standard method to such assistance; rather this service is tailored to the preferences and circumstances of each client.

We often find that a competitive process usually provides our clients the most advantageous service conditions (pricing and conditions). The level of formality of a competitive process varies significantly by client. Certain clients prefer (or are required) to utilize a very formal procurement process driven either by internal policy or by external circumstances. In either case, PFM will work with the State to carefully define the scope of work sought for services, the experience sought by potential participants, and the broad conditions under which participants must be willing to participate. We are experienced in drafting formal requests for proposals (including state procurement requirements) and evaluating respondents (whether through interviews, written assessment, or informal discussion).

PFM's typical role in the selection of members of a financing team includes working with the client to prepare a detailed Request for Proposals ("RFP") as well as a list of firms to receive the RFP that together ensure a highly experienced working group that best understands and is prepared to address the specific needs of the State. In all selection processes and throughout the financial transaction, PFM will negotiate on the State's behalf to ensure that all services are priced fairly according to current market rates.

RFP Process Activities. The PFM team will provide assistance as necessary with the RFP process. As previously noted, PFM has broad experience both advising on RFP development and assessment and can, if needed, act as an 'extension of staff' to take the lead (or take on a secondary role) in RFP development, response to vendor written questions, etc. In either event, PFM staff for the associated tasks will have prior experience in RFP development and implementation.

Review of RFQ Responses. Once proposals are submitted, PFM will provide a qualitative and quantitative assessment of vendor proposals. These will include the minimum activities for vendor assessment of their qualifications and experience, financial capacity, organizational structure and proposed team members, policies and procedures, technology, reporting, cost structure and contract structure. Because some of these will rise to a higher level of importance than others, PFM will develop a framework for assessment. It is entirely possible, for example, that some aspect of a vendor proposal will materially impact the overall assessment regardless of other considerations, and PFM will identify these as needed. At the same time, individual comparisons in some aspects, particularly on qualitative issues, can be subjective, and we would initially propose developing a scoring system (such as +/-/-) for some of these measures, with discussion and analysis providing an overall score for vendors in these areas. We bring discipline to this approach after the fact with routine and regular monitoring of vendor performance. For example, in the case of underwriter performance, PFM actively monitors secondary trading of our clients bonds. In the case of remarketing agents and liquidity providers, PFM maintains a database of comparable variable rate transactions nationwide and provides regular reporting to our clients with variable rate debt as to the pricing performance of their variable rate obligations. Using this approach, we can quickly identify anomalies and address them with the service provider.

4.21 Advise the State on issuing, monitoring, revising and updating debt, swap and disclosure policies and options related to variable interest rate bonds and interest rate exchange agreements and post-sale options.

PFM reviews a client's existing policies regarding the issuance of debt and management of borrowers' financing needs. We work with clients to modify or update these policies so as to improve and clarify the client's activities. In addition to potentially improving the client's internal operations, such a review will improve the standing of the client with the rating agencies and with the investor community. For example, PFM was asked to review the State of Tennessee's Model Debt Management Policy. Since adopting the

Model Debt Management Policy, the Comptroller of Tennessee has required that all issuers of debt formally adopt a debt management policy. PFM has assisted many of our clients with the development of customized debt management policies to fit their needs and objectives.

Moreover, PFM is unique among financial advisory firms in that we have a group of professionals solely dedicated to the derivatives and structured financial products area—the PFM Structured Products and Derivatives Group. Today, PFM is the recognized leader in the industry in both providing swap analysis, policy and strategy development, and in providing swap procurement services on both competitive and negotiated swap transactions.

As for the use of variable rate debt, there are three primary benefits of utilizing variable rate debt on the State's Financing Programs: (1) lower cost of capital over the long term compared to fixed rate debt; (2) a natural asset-liability hedge whereby the interest expense may be offset by the income received on a short-term investment balance; and (3) greater prepayment flexibility than fixed rate debt. In the current market, SIFMA is resetting in the 0.10% – 0.25% range and the expectation is that rates will remain low. Further, due to exceedingly low new issue variable rate volume and the resulting competition among bank facility providers, the cost of bank facilities has been reduced to fairly low levels. There are also other options for accessing variable rate debt efficiently including publicly offered and direct purchase Floating Rate Notes.

PFM has extensive experience in developing variable rate debt strategies for our clients based on analysis that includes an assessment of current market conditions, impact of the variable rate issue on the broader client debt profile, cost of capital, and risk. In the last two years PFM has advised clients on over \$3.7 billion in publically offered and direct purchase variable rate bond issues.

The best time to issue variable rate debt is when the yield curve is steep and fixed rates are high. Generally speaking, for state-level issuers, including the State, the amount of variable rate debt should be a modest allocation in the capital portfolio (i.e. less than 20%). We believe that this percentage is prudent considering the additional risks associated with variable rate instruments which include budget, put, acceleration, rollover and counterparty risk.

Variable rate debt would be appropriate for those Financing Programs that currently have little to no variable rate debt and programs with more robust cash positions, which will naturally have a better asset-liability hedge and are more appropriately positioned to manage rollover and other risks associated with variable rate structures.

4.23 Assist the State in any response to inquiries or audits from any governmental entity.

As a leading financial advisor, PFM has assisted many of its clients with inquiries and audits from various federal, state, and local governmental entities. In our role as financial advisor, PFM will act as the quarterback and orchestrate a response by coordinating with all of the required parties including, but not limited to various state officials and external advisors for audit, arbitrage compliance and legal (bond, disclosure and tax) as appropriate.

IRS Audits and Inquiries

PFMAM has been providing arbitrage rebate services since 1989. Client by client, we've built a solid reputation for preparing thorough, thoughtful and concise analyses and identifying the best possible after-tax results. Over the past two decades, we have assisted hundreds of issuers and borrowers, including states and state authorities in complying with the complicated and onerous post-issuance compliance requirements commonly referred to as the "Arbitrage Rebate Regulations." PFMAM arbitrage rebate specialists prepared in excess of 3,600 calculations in 2012.

From time to time, PFMAM has been called upon to assist issuers in responding to IRS audits, information document requests, and other regulatory proceedings and is often referred to issuers by bond and tax counsel in the event of an IRS audit. We have had good success in defending our own work. The

most exhaustive and problematic audits are those where we are retained by a client after they receive an IRS notice and where we were not the original rebate consultant. One of the best defenses that an issuer can undertake is to have proper policies and procedures in place to detect problems early. The IRS has focused much attention on policies and procedures in the last three years, as corroborated by two of the last three IRS Advisory Committee on Tax Exempt and Government Entities ("ACT") Reports to the IRS Commissioner. Joan DiMarco, CPA, Managing Director and co-head of PFMAM's Arbitrage Group co-authored both reports which can be located on <http://www.irs.gov/taxexemptbond/index>.

4.24 Perform other tasks consistent with the purpose of this Procurement as may be specified by the State including any other service necessary, customary, or incidental to the sale of the issuance of debt and the financing of projects.

The State is seeking a comprehensive set of services in this solicitation which extends well beyond the confines of how the public finance industry defines the "traditional" financial advisor role in which the execution and processing of transactions is the primary focus. PFM's organization and core business philosophy is completely aligned with the financial advisory partnership that the state's RFP contemplates and enables us to comfortably meet an "other duties as assigned" scope item such as 4.24. We point to our experience advising clients described in Attachment A – Section B as evidence of our ability to meet this scope. Lastly, all municipal market participants have faced significant and unprecedented changes over the past 5 years. During this time, PFM's comprehensive approach and extensive national reach has enabled us to help our clients to effectively navigate through these challenges.



II. Attachment B: Mandatory Specification Checklist

5.1 As a firm, the Vendor must have performed work in a minimum of ten states.

PFM meets the criteria, given our national presence and work in almost every state in the United States. Our experience with clients is outlined in Attachment A, Section B1 and demonstrates engagements in more than ten states.

5.2 The Vendor must have served as the Financial Advisor to a minimum of five states or municipalities with populations in excess of one million citizens.

PFM meets the criteria easily, having worked with virtually in every state for a state agency or state level credit, along with dozens of municipalities with populations in excess of one million citizens. These states are listed in a number of relevant sections of the proposal, including Attachment A, Section B.

5.3 The Vendor must have provided financial advice on over \$50 billion dollars in debt issuances, including \$10 billion since January 1, 2008.

PFM meets the criteria. As compiled by Securities Data Corporation, PFM has advised over \$200 billion of financings since 2008 and on more than \$50 billion in 2012 alone.

5.4 The Vendor must have transaction experience with complex taxable and tax-exempt public financings.

PFM meets these criteria. PFM has brought to market some of the largest and most complex transactions ever undertaken in the public finance arena. These include billion dollar tobacco securitization financings, large public-private partnership financings, and other large refinancing transactions, several of which have been noted as Deals of the Year in the public finance market.

5.5 The Vendor must have credit experience resulting in upgrades by rating agencies.

As outlined in Attachment A, Section D, PFM has substantial experience in working with rating agencies, for which many of our clients have been upgraded in the past few years. This includes general State credits, such as the State of Delaware and Commonwealth of Pennsylvania, as well as large municipal credits (serving over 1 million people) for the City of San Antonio last month. PFM has obtained hundreds of upgrades for our clients large and small, and many of which are comparable in size to the State of West Virginia.

5.6 The Vendor must have no affiliation with any investment bank, commercial bank, or law firm.

PFM has no affiliation with any investment bank, commercial bank or law firm. Independence is one of key elements of PFM's philosophy, and PFM can assure the State of West Virginia that the advice given to it will be free of any conflict of interest.



III. Signed Forms


- RFP – Signature Page
 - Certification and Signature Page
 - Addendum Acknowledgement Form
 - Purchasing Affidavit
-

REQUEST FOR PROPOSAL

RFP#: SEC136050

By signing below, I certify that I have reviewed this Request for Proposal in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this-proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that, to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Public Financial Management, Inc.
(Company)


Dan Hartman, Managing Director
(Representative Name, Title)

phone: 703-741-0175 fax: 703-516-0283
(Contact Phone/Fax Number)

May 2, 2013
(Date)

CERTIFICATION AND SIGNATURE PAGE

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

Public Financial Management, Inc.

(Company) (Authorized


Signature) (Representative

Dan Hartman, Managing Director

Name, Title)

703-741-0175

(Phone Number)

703-516-0283

(Fax Number)

May 2, 2013

(Date)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: SEC136050

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

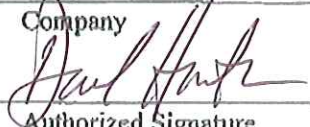
<input checked="" type="checkbox"/> Addendum No. 1	<input type="checkbox"/> Addendum No. 6
<input type="checkbox"/> Addendum No. 2	<input type="checkbox"/> Addendum No. 7
<input type="checkbox"/> Addendum No. 3	<input type="checkbox"/> Addendum No. 8
<input type="checkbox"/> Addendum No. 4	<input type="checkbox"/> Addendum No. 9
<input type="checkbox"/> Addendum No. 5	<input type="checkbox"/> Addendum No. 10

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Public Financial Management, Inc.

Company

Dan Hartman
Managing Director


Authorized Signature

May 2, 2013

Date

NOTE: This addendum acknowledgment should be submitted with the bid to expedite document processing.
Revised 6/8/2012

STATE OF WEST VIRGINIA
Purchasing Division**PURCHASING AFFIDAVIT**

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:Vendor's Name: Public Financial Management, Inc.Authorized Signature:  Date: April 23, 2013State of PennsylvaniaCounty of Philadelphia, to-wit:Taken, subscribed, and sworn to before me this 23rd day of April, 2013.My Commission expires May 8th, 2013.

AFFIX SEAL HERE

NOTARY PUBLIC



Purchasing Affidavit (Revised 07/01/2012)

