



COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION

Office of the Comptroller  
Scott B. Manske, Comptroller

DATE : November 13, 2019  
TO : County Executive, Chris Abele  
Chairman, Theodore Lipscomb, Sr.  
FROM : Scott B. Manske, Comptroller  
SUBJECT : Contract for Municipal Advisory Services

**Request:**

The Office of the Comptroller is seeking approval to enter into a professional services contract with PFM Financial Advisors LLC (AKA Public Financial Management and "PFM") to provide municipal advisory services for a three year term beginning on January 1, 2020. The agreement will also include three additional one year options. Independent Public Advisors will serve as co-municipal advisor and is a certified Targeted Business Enterprise ("TBE").

**Background:**

In December 2014, Milwaukee County entered into an agreement with PFM to provide municipal advisory services to the Office of the Comptroller through December 31, 2019. Independent Public Advisors serves as co-municipal advisor and is a certified Targeted Business Enterprise ("TBE").

2019 Request for Proposals

On September 4, 2019 the Department of Administrative Services – Procurement Division ("Procurement") issued a RFP on behalf of the Office of the Comptroller. The RFP anticipated entering into a three-year professional services contract with three additional one-year options.

The RFP was advertised in the Daily Reporter and the Bond Buyer. The RFP was also noticed via the County's E-notify system to all of the financial advisors that are registered with Bonfire, the County's public procurement portal.

The scope of services included in the RFP state that the municipal advisor will perform the following duties:

1. Make recommendations to the Office of the Comptroller on the structuring of proposed financings including amortization, term, discount, call features, etc; discuss various alternatives and recommend the best alternative considering the County's current outstanding debt and requested five-year capital program; make recommendations to enhance bond administration, improve information disclosure, reduce issuance costs and review industry trends that may affect tax exempt debt issuance.
2. Preparation of the Official Statement, the Official Terms of Offering and other documents as required by County staff; identify and perform tasks which are within the specialized competence of the municipal advisor; review and comment on draft copies of the preliminary and final Official Statements and make preparations for the distribution of the Official Statement.
3. Work with the County's legal counsel and capital finance team in recommending size, structure, specific terms and conditions of a debt issue; assist County officials in evaluating alternative financing proposals, as requested.
4. Provide all computations for work performed to County.
5. If applicable, coordinate selection of verification agent, escrow agent, and bidding agent. Pay reimbursable expenses associated with cost of issuance (excludes bond counsel fees, rating agency fees).
6. Annually review and compile continuing disclosure information and documentation and submit the information to the appropriate entity including to the EMMA web site. Assist the County's capital finance team in monitoring potential "material events" and submit appropriate notices to EMMA.
7. Review County policies relating to bond issuance and continuing disclosure.
8. Advise County with respect to primary and secondary market disclosure.
9. Assist County staff in rating agency presentations or investor meetings related to a particular financings.
10. Recommend debt management strategies that will assure retention of favorable credit ratings and improvement in ratings when possible; assist in the County's presentations to the credit rating agencies.
11. Act as an agent of the County to accept electronic, telephone and written bids for competitive financings. Evaluate, verify and recommend the best bid based on true interest costs for the bids submitted.

12. Supervise the printing of the bonds or notes and coordinate the bidding for a registrar/fiscal agent or make arrangements for book entry securities.
13. Assist County staff on negotiations with bond insurers and/or letter of credit providers.
14. Assess bond market conditions at time of sale of bonds; provide information on other major national, state, and local debt issuances that may coincide or compete with County sales; provide input on the calendar of County bond sales.
15. Provide input on how to market the bonds to retail and institutional investors.
16. Participate in bond document review sessions.
17. Be available to answer any questions raised by the Finance and Audit Committee or other County officials concerning the bond sales or outstanding debt.
18. Analyze any proposals for new products as they pertain to a particular financing.
19. Prepare a comparative post sale analysis of similar financing transactions and maintain separate accounting and billing for each financing transaction.
20. Participate in due diligence meetings.
21. Provide an annual report to the County regarding debt management status and options for improvement, potential refundings, and future offerings.
22. Notify the County of any litigation, threatened litigation, customer complaints, regulatory investigations or regulatory actions that relate or are alleged to relate to the types of services contemplated in the RFP.
23. Perform arbitrage/rebate calculations.
24. Assist in reconciling payment discrepancies between the County and the Depository Trust Company.
25. Assist with request for proposals for underwriters.
26. Perform other services as may be requested by the County.

### Evaluation and Selection

The County received responses from PFM and Baker Tilly Municipal Advisors. An evaluation panel reviewed and scored the proposals. The evaluation panel reached a consensus that the highest scored proposal from PFM should be selected as the winning proposer. PFM had both the highest technical score and was the lowest costs proposer. Independent Public Advisors LLC, a certified TBE, will serve as co-municipal advisor.

The primary municipal advisor from PFM will be Matthew Schnackenberg. Matthew is a director in PFM's Minneapolis office. He joined PFM as a consultant in 2005. He provides project management and support for a number of clients, as well as services such as sizing and structuring bond issues, analyzing debt, conducting refunding analyses, developing comprehensive debt profiles and creating Excel-based cash flow models. He has provided assistance and/or project management on various types of bonds and notes, including general obligation and revenue-secured financings.

Some of Matthew's clients include the State of Minnesota; City of Duluth, Minnesota; City of New Ulm, Minnesota; University of Minnesota; City of Sioux Falls, South Dakota; City of Fargo, North Dakota; Iowa Finance Authority; Michigan Department of Transportation; North Dakota Public Finance Authority; Ohio Water Development Authority; Indiana Finance Authority; and the Metropolitan St. Louis Sewer District, Missouri.

The primary advisor from Independent Public Advisors, a certified TBE, is Tionna Pooler. Ms. Pooler founded IPA after working nearly 12 years for Public Financial Management, Inc. She has provided services to municipalities in Illinois, Iowa, Kansas, Missouri, Nebraska, Ohio and Wisconsin.

She has a heavily quantitative background, and her broad experience includes transaction management, long-term planning, development of custom models and analysis, rating strategy development, as well as the preparation of primary and secondary disclosure. In her 18-year career, she has managed and/or facilitated the issuance of over \$4.0 billion in municipal debt, including project management for services provided to the Kansas and Missouri Departments of Transportation as well as the Des Moines Area Regional Transit Authority.

### Hourly Rate and Estimated Expenses

The fees for municipal advisor will be paid on an hourly basis. The hourly fee for the primary advisor from PFM is \$225 per hour. The hourly rates for other staff from PFM range from \$120 to \$200 per hour. The hourly rates will remain the same throughout the term of the contract.

The total expenses related to work done in 2020-2022 will depend upon the number and complexity of the bond issues. It is anticipated that, on average, four or five general obligation bond issuances will be done annually in 2020-2022. It is also anticipated that two airport revenue bond issuances will be done in 2021. It is anticipated that total annual municipal advisor expenses, including the TBE fees, will range from \$125,000 to \$275,000 during the period of the contract. The TBE participation plan for the contract is 17%.

**Recommendation**

The Office of the Comptroller recommends adoption of the attached resolution, which authorizes and directs the Office of the Comptroller to enter into a professional services contract with PFM Financial Advisors LLC for the period effective January 1, 2020 through December 31, 2022 with three additional one year options. Independent Public Advisors LLC will serve as co-municipal advisor and is a certified Targeted Business Enterprise.



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Scott B. Manske  
Comptroller

cc: Supervisor Luigi Schmitt, Chair, Committee on Finance and Audit  
Raisa Koltun, Chief of Staff, County Executive's Office  
Kelly Bablitch, Chief of Staff, County Board  
Suzanne Carter, Contracts Administrator, DAS-Procurement  
Joe Lamers, Director, DAS-Performance, Strategy and Budget  
Stephen Cady, Office of the Comptroller  
Pamela Bryant, Office of the Comptroller  
Justin Rodriguez, Office of the Comptroller  
Matthew Schnackenberg, Director, PFM Financial Advisors LLC  
Tionna Pooler, President, Independent Public Advisors LLC

