



August 4, 2020

Mark Stewart
Purchasing and Contracts Manager
Washoe County Purchasing Division
1001 E. Ninth Street, Building D, Ste. 200
Reno, NV 89512-2845

pfm

50 California Street
Suite 2300
San Francisco, CA 94111
415.982.5544

pfm.com

RE: Notice of Recommendation and Intent to Award RFP Number: 3129-20 for
Investment Services

Dear Mr. Stewart:

On behalf of PFM Asset Management LLC ("PFM"), I am appealing the pending proposal award of Washoe County (the "County") to Government Portfolio Advisors ("GPA"). This appeal is made in accordance with NRS 332 and the procedures provided within the request for proposal document, as a result of the revised award posted to the County's procurement site (DemandStar) on July 29, 2020. PFM has posted the required bond amount of \$250,000.

On July 23, 2020, PFM received the first Notice of Recommendation and Intent to Award letter dated July 22, 2020 which named PFM as the winning bidder. PFM now seeks the review and appropriate correction of the award for investment advisory services. Our appeal is based on the following issues to be addressed and resolved:

- **Pricing Disadvantage and Potential for "Last-Look" Bidding** – The County disclosed its current fee structure with PFM in RFP Amendment #1 dated June 5, 2020. Each proposer therefore had an opportunity to discount their fee schedule relative to PFM, placing PFM at competitive disadvantage. Further, the County's decision to forego a "Best and Final Offer" phase eliminated any opportunity for PFM to equally compete with advantaged fee proposals.
- **Absence of Criteria Weighting** – In addition the pricing disadvantage, respondents were not made aware of scoring for pricing and other factors weighted during the evaluation process. The County stated in its Notice of Recommendation and Intent to Award letter dated July 23, 2020 that it used weighted scoring; however, the RFP did not disclose the weighting scale for factors considered, including pricing.
- **Fiscal Best Interest** – For investment advisory services cost should be considered in the context of the performance. An investment advisor's



invoiced fee is only one factor in determining the fiscal best interest of the County. We request that the County review fees in the context of performance. PFM structures our fees to be fair and competitive while accounting for the costs associated with the expertise and value delivered to our clients—both qualitatively through our suite of integrated services, and quantitatively through our competitive history of portfolio performance.

Never taking PFM's 16-year relationship with the County for granted, we put our best foot forward during this procurement process and received the highest technical score; however, the cost score negatively and unduly impacted our total score. Fees were not questioned or presented as a topic of concern by panelists during our interview presentation on July 17, 2020. If it had been, we would have confirmed PFM's willingness to negotiate or reduce fees as we have done in the past during times of fiscal stress.

This appeal requests that the County consider these factors and requests that the County honor the first Notice of Recommendation and Intent to Award letter dated July 22, 2020 which named PFM as the winning bidder. We welcome the opportunity to undertake a review of our fee structure with the County or participate in a 'best and final offer' phase with other finalists to preserve our longstanding relationship.

Please contact me if you have any questions.

Sincerely,

Monique Spyke
PFM Asset Management LLC
Managing Director
spykem@pfm.com
415.393.7259