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## The PFM Group Announces Capital Investment Led By ICV Capital

Country's Largest Financial Advisor to the Public Sector Poised for Added Growth

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PHILADELPHIA, May 11, 2009 – The PFM Group, a leading independent financial and investment advisor to state and local governments and not for profit institutions with approximately \$35 billion of assets under management, and ICV Capital Partners, LLC, a private investment firm focused on investments in lower middle market companies, today jointly announced that The PFM Group has received an investment from a group led by ICV Capital that will enhance the firm's future growth and development. ICV Capital's equity investment is joined by that of the Michigan Employees Retirement System Strategic Opportunity Fund LP.

The PFM Group's two primary businesses include Public Financial Management, Inc., which offers a complete scope of services and products to meet all of its clients financial advisory needs and PFM Asset Management LLC (PFMAM), which provides investment advice and portfolio management for governmental and not-for-profit organizations, corporations, pension funds and other institutions.

F. John White, Chief Executive of The PFM Group, said, "We are delighted with this investment and with our new investors. PFM has gone from strength to greater strength at a time when much of the market faces capital difficulties. This investment will accelerate our efforts to expand our business. It is a major step in our long range strategic plan and will support expansion of existing services to clients, investments in cutting edge technology, data services and training, and hiring of outstanding professionals, all of which benefit our clients. It will also provide funding for potential acquisitions, which have been an important contributor to our growth and success over more than 30 years."

PFM's 400 employees serve a broad base of clients from 32 offices located in every region of the country. PFM is known for providing clients with independent advisory services free of conflicts in their dealings with the capital markets. Public Financial Management was the top ranked financial advisor in 2008 in all categories – advising on \$42.9 billion of total debt, in 689 separate transactions. More than \$10.4 billion of this total was issued in 219 competitive transactions, \$32.5 billion in 394 negotiated transactions and \$1.1 billion in 219 transactions of under \$10 million in size according to Thompson Financial Services.

PFM Asset Management manages assets of more than \$35 billion in cash, fixed income and multi-asset class portfolios for its state and local government and other institutional clients. PFM Asset Management advises 13 local government investment pools, a registered investment company active throughout the country and more than 300 individually managed government and non-profit accounts. PFM Asset Management, through its PFM Advisors division also provides investment consulting services to pension and endowment funds.

PFM's strategic consulting advice has resulted in credit rating stabilization and upgrades for a number of major cities and counties including Philadelphia, PA, Pittsburgh, PA, Washington D.C., Nassau County, NY and New Orleans, LA. PFM Future Perfect, a strategic budgeting and planning program for colleges, universities and non-profits has helped 63 higher education institutions develop and manage their strategic plans for the future.

In addition, PFM's Structured Products Group has executed over 2,748 bond proceeds-related transactions totaling over \$199 billion in debt and asset notional amounts. PFM's Arbitrage Rebate Compliance business currently provides arbitrage rebate compliance services directly to over 350 clients and also provides arbitrage rebate compliance services to the hundreds of public entities that invest bond proceeds in the 13 local government investment pool programs that are managed by PFM Asset Management LLC.

Speaking on behalf of the investor group, Tarrus Richardson, Managing Director of ICV Capital, said, "We are delighted to partner with a world class management team that has built the market leading municipal finance and investment advisory business in the U.S. We look forward

to providing the management team with growth capital for strategic initiatives such as lift outs of high quality professionals and acquisitions of asset management businesses. We have had the privilege of getting to know all 54 Managing Directors and are thrilled to be their partners going forward.”

PFM’s senior professionals will remain in place to provide client services and management. Each Managing Director will maintain a significant equity position in the firm and will continue to be employed by the PFM Group companies.

Debt financing for the transaction was provided by two Pennsylvania community banks, Susquehanna Bank of Lancaster and TriState Capital Bank of Pittsburgh.

Griffin Financial Group, LLC, an investment banking firm based in the Greater Philadelphia region, acted as exclusive financial advisor to the PFM Group in the capital transaction. Griffin’s role included negotiating and structuring the transaction, and managing competitive processes to arrange both the debt and equity capital required to finance the transaction.

Private Capital Research, LLC, a unique investment and consulting organization based in the Greater Philadelphia region, sourced this transaction and acted as exclusive buy side advisor to ICV. Kirkland & Ellis served as legal advisor to ICV. Ernst & Young acted as accounting due diligence advisor to ICV.

This capital raising success was achieved after the PFM Group companies finished their strongest year ever in 2008 with record revenue, and completed the first quarter of 2009 with record quarterly revenue.

#### About ICV Capital Partners, LLC

ICV Capital Partners is a minority-owned private investment firm with over \$440 million in committed capital from well known institutional investors. ICV is investing from its \$313 million second fund, ICV II. ICV pursues a value-oriented investment strategy to invest in

strong companies with market leading positions in partnership with management. ICV is managed by four senior investment professionals who have extensive experience in sponsoring management teams and building businesses. In addition, ICV has two co-sponsors, the Initiative for a Competitive Inner City (founded by Harvard Business School Professor Michael E. Porter) and American Securities Capital Partners, L.P. (a \$4.5 billion New York-based private equity firm). Additional information is available at [www.icvcapital.com](http://www.icvcapital.com).

#### Michigan Employees Retirement System

MERS is a statewide retirement plan and tax-qualified trust that municipalities may adopt for their employees, with more than 70,000 active members and more than \$4.5 billion in its investment portfolio. Operating as a public nonprofit corporation, MERS offers employee benefit programs such as Defined Benefit pension, as well as group insurance products.

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