

## MEMORANDUM

**TO:** Governing Board Members

**FROM:** Paul E. Dumars, Sr., Chief Financial Officer, Executive Office

**DATE:** October 1, 2009

**SUBJECT:** Recommendation to Approve the Addition of JP Morgan to Original COPS 1 Solicitation

### Background

As the District prepares to move forward with its plan to issue Certificates of Participation for the upcoming US Sugar land acquisition, Staff proposes that the District amend the current list of underwriters. The original board approved list of eleven underwriters was selected via a formal solicitation in June 2005 and is valid for five years from the date of adoption. This list includes the highest ranked national, regional and small firms.

### Recommendation

As a result of the decline of the financial markets in the past year, two of the senior underwriting firms from the initial solicitation (Lehman Brothers and UBS) are no longer doing business in Florida. Also, Merrill Lynch has since merged with Bank of America. It is at the recommendation of the District's financial advisor, Public Financial Management, that the District add an additional senior underwriter to the original solicitation. Staff recommends adding JP Morgan, a national firm with 10.3% of the current market share of bond writing business. JP Morgan was the next senior banking firm from the rankings of the original solicitation. The revised syndicate will consist of a total of ten firms, with five of the firms representing "National" firms. The addition of JP Morgan will not add any additional costs to the cost of issuance. Furthermore, incorporating one of the largest underwriting firms in the nation as a part of the underwriting team will benefit the District by not only increasing distribution/sales capacity but may potentially lower the overall debt service cost.

### Summary

The original Request for Proposal process has allowed us to rank these firms on the basis of their experience, time commitment, fees, anticipated services and deal structuring ideas. Therefore, the National firms on the list are among the largest firms writing bond business in Florida, with 76% of the market share. Consequently, with such key players already included in the District's current syndicate, there is no additional benefit in rebidding the entire solicitation. The most feasible, time and cost effective method is to add JP Morgan to the current syndicate. This will ensure a strong senior underwriting team that would in turn greatly benefit the District's ability to move forward with a successful transaction.

## Revised Underwriting Team

### National Firms

Citigroup Global Markets, Inc.  
Morgan Stanley & Co. Inc.  
Merrill Lynch & Co. Inc.  
Goldman, Sachs & Co.  
J.P. Morgan

### Small Firms

Loop Capital Markets  
M.R. Beal & Co.  
Estrada Hinojosa & Co.

### Regional Firms

RBC Dain Rauscher  
Raymond James & Assoc. Inc.