



MEMORANDUM

DATE: November 25, 2019

TO: BALDWIN COUNTY COMMISSION

Billie Jo Underwood, Chairwoman	Charles F. Gruber, Commissioner
James E. Ball, Commissioner	Wayne Dyess, County Administrator
Joe Davis, III, Commissioner	Ronald J. Cink, Budget Director

FROM: Kenneth C. Funderburk
Reid Cavnar
STIFEL

Pursuant to our obligation as Financial Advisor for the Baldwin County Commission and subsequent to various meetings with County Officials, rating efforts and distribution of a Request for Qualifications for Underwriting Services in connection with a public bond sale, please allow this letter to serve as our recommendation for that service.

On behalf of Baldwin County, Alabama, Stifel distributed a Request for Qualifications (“RFQ”) to a variety of licensed registered underwriting firms active in the State of Alabama. We received responses from 4 firms: Raymond James, Piper Jaffray, Wells Fargo and Frazer Lanier. After analysis and deliberation within Stifel and a meeting with County Budget Director, Ron Cink, we recommend selection of Raymond James for the issues described in the RFQ.

All respondents are capable firms able to underwrite bonds. The following are broad category listings with respondents ranked in order, first to last.

- Net Capital Position
 - Wells Fargo - N/A (Tier 1 Capital \$146 billion)*
 - Raymond James - \$1.0 billion
 - Piper Jaffray - \$179 million
 - Frazer Lanier - \$1 million
- Demonstrated willingness and ability to underwrite bonds to support/complete a sale
 - Raymond James
 - Piper Jaffray
 - Wells Fargo
 - Frazer Lanier
- Relative position in Alabama with respect to total par sales (2018)
 - Raymond James - \$510 million
 - Wells Fargo - \$216 million
 - Frazer Lanier - \$116 million
 - Piper Jaffray - \$90 million

**As a national bank registered with the SEC as a municipal securities dealer, Wells Fargo Bank, N.A. is subject to capital definitions and standards issued by the Office of the Comptroller of the Currency, rather than net capital standards of the Securities and Exchange Commission (as are most broker-dealers). As a result, net capital and excess net capital calculations are not applicable.*

➤ Relative position nationally with respect to total par sales (2018)

- Wells Fargo - \$11.1 billion
- Piper Jaffray - \$10.2 billion
- Raymond James - \$9.9 billion
- Frazer Lanier - \$174 million

➤ Size and distribution capability of municipal bond sales force

	<i><u>Dedicated Institutional Municipal Sales People</u></i>	<i><u>Fixed Income Generalists</u></i>
▪ Piper Jaffray	27	106
▪ Raymond James	23	160
▪ Wells Fargo	15	200
▪ Frazer Lanier	3	0

Stifel proposes negotiating an underwriting fee with the firm ultimately chosen by the Baldwin County Commission. This negotiation will include approval from Mr. Cink and the Finance Committee of the Commission. Said fee will be in keeping with national/state averages for similarly sized/rated bond issues with comparable final maturity.

Baldwin County has achieved an excellent bond rating from two national agencies, is in stellar financial condition, has developed a national reputation in tourism and economic development, and engaged a strong management team. The County deserves no less than the most aggressive bond pricing coupled with an underwriter capable of supporting a bond sale. Stifel will assure competitive pricing and monitor the sale. In our opinion, Raymond James possesses the necessary marketing and underwriting ability to perform.

We look forward to the Commission's decision and stand ready to proceed with the transaction.