



# West Contra Costa Unified School District

## 2017 Underwriter Evaluation Process and Refunding Update

Presentation to the Board of Education  
March 29, 2017



1300 Clay Street, Suite 1000, Oakland, CA 94612  
phone 510-839-8200 fax 510-208-8282

A Limited Liability Company

# Prior Board Items

---

- On October 19, 2016 KNN Public Finance (“KNN”) presented a Board report regarding a potential refunding of District bonds in accordance with Board Policy (BP) 7214.3.
- On November 16, 2016 District staff requested direction from the Board to proceed with selecting the refunding bond finance team in conjunction with a 2017 refunding.
- At the November 16, 2016 meeting, the Board provided direction to proceed with the process for evaluating a 2017 refunding.
- Additionally, at the November 16, 2016 meeting the Board appointed KNN as the Financial Advisor, Nixon Peabody as Bond Counsel/Disclosure Counsel and to issue a Request for Proposals in order to select the Underwriting firm/firms.
- The District released a Request for Qualifications for Bond Underwriting Services (RFQ #1617-04) on January 4, 2017.

# Underwriter RFQ Process

---

- RFQ Release Date: Wednesday, January 4, 2017
- Proposal Due Date: Wednesday, January 18, 2017
- An evaluation committee comprised of District staff and KNN advisors was organized to review underwriter proposals.
- The District received a total of 14 proposals from underwriting firms. Two (2) proposals were received after the proposal deadline and were not included in the evaluation.
- On January 27, 2017 the evaluation committee met to discuss scoring and feedback related to the underwriter proposals.
- The evaluation committee utilized a standard set of evaluation criteria when scoring underwriter proposals.

# Underwriter Evaluation Criteria

---

- Evaluation criteria and scoring was based on the following metrics:
  - Demonstrated understanding and responsiveness of the request for qualifications
  - Qualifications and experience of firm and personnel named in the proposal
  - Strength of capital position and demonstrated commitment to underwrite bonds when needed
  - References
  - Proposed Fees
  - Other Noteworthy Qualities
  
- Upon thorough review of all underwriter proposals, the evaluation committee unanimously arrived at five firms among the highest ranking proposals.
  - The top five firms include: JP Morgan, Piper Jaffray, Raymond James, Stifel Nicolaus, and Wells Fargo Securities.
  
- Interviews were scheduled on February 17, 2017 to meet with each of the top 5 firms to determine which firm or firms would be selected as the District's underwriter(s).

# Underwriter Interviews

---

- An interview panel was organized to meet with each of the top five underwriting firms.
- The interview panel was comprised of the following:
  - Sheri Gamba, Associate Superintendent of Business Services
  - Lisa LeBlanc, Associate Superintendent of Operations
  - Mark Bonnett, Executive Director of Bond Finance
  - Blake Boehm, Municipal Advisor (KNN Public Finance)
  - Jon Armstrong, Municipal Advisor (KNN Public Finance)
- Interviews were structured as 50 minute meetings with each underwriting firm. Firms were allotted 30 minutes for presentation and 20 minutes for Question & Answer.
- Upon conclusion of the interview process, the top ranking firms were J P Morgan, Piper Jaffray and Stifel Nicolaus.
- It is District staff recommendation to have the Board appoint J P Morgan and Piper Jaffray to co-manage the 2017 refunding, and add Stifel Nicolaus as a third co-manger for future larger issues, if negotiated.

# Refunding Update

---

- At current market rates, an advance refunding of the District's Series C-2 Build America Bonds, in combination with tax stabilization from the County, will allow 2005 Measure J to maintain a tax rate of \$60 per \$100,000 of assessed value through 2018/19 and, very likely through 2019/20, at 4% annual growth in assessed values.
- Nixon Peabody (District's bond counsel) has determined upon further review that the 2009 General Obligation Refunding Bonds, a prior refunding candidate, cannot be advance refunded under federal tax rules based on language in the closing Tax Certificate for that issue.
- Furthermore, Nixon Peabody has raised federal tax rule questions regarding the call provisions of the Series C-2 Build America that bear on the ability of the Bonds to be advance refunded.
- In order to resolve the tax rule questions, the District will pursue a private letter ruling from the IRS. **Private letter rulings may take up to four to six months to conclude.**
- Should the private letter ruling provide favorable guidance regarding the District's ability to issue tax-exempt bonds to advance refund the Series C-2 Build America Bonds, District staff and financing team will proceed with the issuance of 2017 Refunding Bonds.