



## Staff Report

**TO:** City Council  
**FROM:** Jennifer Ustation, Finance Director  
**DATE:** September 16, 2025  
**SUBJECT:** Selection of Underwriter and Approval of Professional Services Agreement for Community Facilities (CFD)

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**Description:** City Council consideration of the selection of Stifel, Nicolaus & Company, Incorporated as the City's underwriter for Community Facilities District (CFD) and other land-secured bond financings, and approval of a three-year professional services agreement.

### **Background and Analysis:**

The City of Beaumont issued a Request for Proposals (RFP) for underwriting services on August 13, 2025, through PlanetBids. The RFP referenced the planned issuance of approximately \$9 million in non-rated special tax bonds for CFD 2023-1 (Fairway Canyon) as an example financing for proposers to base their pricing assumptions and proposal standards on.

The RFP submittal deadline was September 3, 2025. Two proposals were received from Hilltop Securities Inc. and Stifel, Nicolaus & Company, Inc.

Proposals were evaluated by staff and the City's Financial Advisor based on responsiveness, experience, assigned team, marketing capabilities, knowledge of the City, pricing performance, and fees. Both staff and the Financial Advisor concluded that Stifel offers the strongest overall qualifications, with the following highlights:

- **Market Leadership:** Stifel is the leading underwriter of California land-secured financings, with 270 transactions totaling \$4.9 billion since 2020, including a 63% market share in Riverside County.
- **Beaumont Experience:** Stifel has served as the City's underwriter since 2019 and successfully managed multiple CFD bond financings, consistently achieving tight pricing spreads and strong investor participation.
- **Distribution Strength:** Stifel maintains the most extensive retail network among underwriting firms, with proven results in oversubscribing Beaumont's non-rated CFD bonds (averaging 141% of par offered).

- **Competitive Pricing:** While Stifel’s proposed underwriting fee of \$11.14 per bond is higher than Hilltop’s proposal (\$6.55 per bond), it remains below statewide averages and is offset by Stifel’s demonstrated ability to lower borrowing costs through superior execution.

Given these strengths, staff and the Financial Advisor recommend entering into a three-year professional services agreement with Stifel. To preserve competition, the agreement will specify that fees for each individual bond issuance will be negotiated at the time of sale, ensuring that the City achieves the most favorable terms possible during the agreement period.

**Fiscal Impact:**

Underwriting fees are contingent upon the successful closing of each bond issue and are paid from bond proceeds. No General Fund impact will occur. The modest difference in proposed underwriting fees (~\$20,000 across a \$9 million issue) is secondary to the larger fiscal impact of interest rate performance, investor demand, and pricing execution—all areas where Stifel has consistently delivered measurable savings for the City.

The estimated cost to prepare this report is \$250.

**Recommended Action:**

Approve the selection of Stifel, Nicolaus & Company, Inc. as the City’s underwriter for CFD and other land-secured bond financings;

Authorize the City Manager to execute a three-year professional services agreement with Stifel, Nicolaus & Company, Inc.; and

Specify that underwriting fees for each transaction will be subject to negotiation at the time of sale to ensure competitive pricing throughout the term of the agreement.

**Attachments:**

- A. Request for Proposals
- B. Professional Services Agreement
- C. Levine Act Statement