

# RAYMOND JAMES®

January 26, 2011

Mr. Frank Majors, Chair, Finance Committee  
Kirkwood Meadows Public Utility District Board of Directors  
P.O. Box 247  
Kirkwood, CA 94546

Dear Mr. Majors and Members of the Board:

While we understand that the Board has decided not to open the 2011 financing to other firms, I wanted to convey our continued interest in working with KMPUD and hope that you will use a competitive process for the selection of your team for the 2012 financing. We would also welcome the opportunity to serve as a co-manager for this transaction which would result in absolutely no delay to the process and give KMPUD the advantage of a much larger distribution system for the sale of its bonds.

It is extremely important that the 2011 financing be completed in a way that compliments the upcoming 2012 out-valley project that connects Kirkwood to the grid. The 2011 cannot be done in a vacuum and, in fact, all of the financing scenarios that we provided looked at the 2011 and 2012 financings as two parts of the same financing. We would welcome the opportunity to see the details of the financial plan for the 2011 so that we can understand that the layering of bond issues is being anticipated.

Raymond James would provide KMPUD with additional resources to ensure that the financings are completed in the most cost effective way possible. We bring a powerful combination of retail and institutional marketing and distribution, with an extensive network of retail brokerage offices and one of the largest and most experienced institutional sales and trading staffs in the municipal arena. Raymond James has more than 5,300 financial advisors serving approximately 1.9 million accounts in 2,300 locations throughout the country, Canada and overseas. In California, we have 116 offices with 267 financial advisors that manage over 63,000 accounts that total approximately \$8.28 billion. From our institutional sales and trading desks, we have 145 taxable and 40 tax-exempt sales and trading professionals. The breadth of our sales force ensures our clients that their bonds are truly being sold in the most competitive way possible with the greatest numbers of buyers being shown the bonds.

Raymond James has extensive public finance experience nationwide. Since 2008, we have participated in 1,146 transactions totaling \$180 billion of municipal bonds. Our capital base is over \$2.3 billion which gives us the capacity to senior manage up to a \$3.2 billion transaction. It also provides our issuer clients assurance that we have the resources and commitment to underwrite bonds as necessary, even in adverse market conditions.

Raymond James has a staff of two people located in its San Francisco office but is in the process of expanding personnel in California. Be assured, however, with 75 public finance professionals in 19 offices across the country the firm has personnel with experience to draw on for even the most complicated financings.

**Raymond James & Associates, Inc.**

Member New York Stock Exchange/SIPC  
1 Embarcadero Center, Suite 650, San Francisco, CA 94111  
(415)616-8939 • Fax: (415)616-8936  
[www.RaymondJames.com](http://www.RaymondJames.com)

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Again, we reiterate our interest and commitment to working with KMPUD on these landmark financings. We would welcome the opportunity to make a presentation and answer questions and would suggest an in person meeting or a conference call in early February.

Thank you for your consideration. We look forward to serving the best interests of KMPUD.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cheryl H.", with a stylized flourish at the end.

Cheryl L. Hines  
Managing Director

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