



Metro

Metropolitan Transportation Authority

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SEPTEMBER 20, 2011

TO: BOARD OF DIRECTORS (Distributed by Email)

THROUGH: ARTHUR T. LEAHY *by [signature]*
CHIEF EXECUTIVE OFFICER

FROM: TERRY MATSUMOTO *[signature] For*
CHIEF FINANCIAL SERVICES OFFICER AND TREASURER

SUBJECT: ISSUANCE OF PROP A REFUNDING BONDS

ISSUE

In regard to Item 23 at the September 14, 2011 meeting of the Finance, Budget & Audit Committee there was discussion regarding the pending merger of Stone & Youngberg and the attached letter from their CEO was referred to. The letter was provided by Stone & Youngberg during the proposal evaluation process to clarify facts and timing of events related to the pending merger. Stone & Youngberg is the firm recommended to serve as the book-running senior manager for the sale of the refunding bonds identified in Item 23. Should you have questions or comments, please call Terry Matsumoto at (213) 922-2473.

ATTACHMENT

A. Letter from Stone & Youngberg CEO on Pending Merger

Prepared by: Michael J. Smith, Assistant Treasurer



STONE &
YOUNGBERG

Kenneth E. Williams
*President
Chief Executive
Officer*

August 19, 2011

Mr. Michael J. Smith
Assistant Treasurer
Los Angeles County
Metropolitan Transportation Authority

Dear Mr. Smith,

As you know, Stone & Youngberg has entered into an agreement to be acquired by Stifel Financial ("Stifel") the parent company of Stifel, Nicolaus. We are excited about the combination and believe it will allow us to better serve our issuing and investing clients in the years to come. While the merger is scheduled to close on October 1st, Stone & Youngberg will continue to exist as a broker dealer until the end of 2011. During this period of time, Stone & Youngberg will be owned by Stifel but will operate as a separate entity during a conversion process. That separate entity, will continue to be headquartered in California and will be operated as the Stone & Youngberg division of Stifel Nicolaus. As we currently do, we will continue to carry customer accounts and clear trades at Pershing until later this year and our capital will remain well below \$50 million. At the same time, the nearly 2000 sales representatives of Stifel will have access to our underwritings through a distribution agreement between the two entities.

Stone & Youngberg will continue to have a CEO, CFO and an executive committee, all the same people who currently are in those positions. We will also continue to have the same regulatory compliance requirements for sales supervision, public finance and underwriting as we have now.

Please let me know if there is any other information you might need.

Sincerely,

Ken Williams