

**WEST BASIN MUNICIPAL WATER DISTRICT****DECEMBER 11, 2001 – Finance Committee**

Smith, Dear

**DECEMBER 17, 2001 – Board Meeting**

Prepared by: Sharon Koike

Submitted by: Sharon Koike

Approved by: Darryl G. Miller

## INFORMATION CALENDAR

P.G. CORBIN FINANCIAL ADVISORY SERVICESSUMMARY:

In late July 2001, P.G. Corbin & Company was contacted to assist in providing services as a financial advisor representing West Basin on the reduced variance enhanced swap transaction with Rice Financial. Immediately following initial contact with Mr. Lennard Cuenco of P.G. Corbin, a written "Scope of Work" was provided to him to prepare a "risk assessment". On August 3, 2001, a written "Scope of Work" was agreed to by P.G. Corbin at a price that was not-to-exceed \$45,000, which included the risk assessment and follow-up services through the close of the transaction.

On September 27, 2001, an invoice for \$25,000 was received that included details of hours worked and tasks performed. On October 1, 2001, the swap transaction was completed and documents were signed by West Basin officials and Rice Financial. On October 1, Mr. Cuenco approached the General Manager asking for additional funding for his services due to the additional time he spent working for the District. Mr. Cuenco was asked to contact the General Manager after October 1 to discuss his request and justification for his request.

On October 4, a second invoice was received for an additional amount of \$68,979.13 without any details or explanation of services performed. On October 17 a contract was submitted to P.G. Corbin to sign and return in order to initiate payment, which at this time could not exceed the original \$45,000 approved by the Board. On November 11, Mr. Cuenco refused to sign the contract due to the amount of the agreement only being \$45,000.

On November 16, the General Manager contacted Mr. Cuenco after receiving a copy of P.G. Corbin's fax dated November 13 requesting payment for \$93,797.13. The General Manager explained the process required for amending contracts, and also requested written documentation for the additional invoice for \$68,979.13. Mr. Cuenco agreed to submit written justification for the additional billings the following week, and to provide a decision whether they would sign the original contract and make a request for an amendment to the contract amount. As of November 30, 2001, no written justification has been provided to the District and the original contract has not been submitted back to the District. Mr. Cuenco was contacted on November 26 and 30 regarding the status of Corbin's justification for additional funds. We expect the information from Corbin about December 5, 2001.

FISCAL IMPACTS:

Sufficient funds are available in the current fiscal year.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on December 11, 2001 and agendaized to the December 17, 2001 Board meeting as information.

RECOMMENDED MOTION:

This item is for information only until receipt and evaluation of Corbin's justification for additional funds.

LIST OF EXHIBITS:

- Exhibit "A" - Chronology of events per memo dated November 16, 2001
- Exhibit "B" - Second invoice for \$68,797.13 dated October 4, 2001
- Exhibit "C" - Original invoice for \$25,000 dated September 27, 2001
- Exhibit "D" - Scope of Work for \$45,000 date August 3, 2001

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