

WEST BASIN MUNICIPAL WATER DISTRICT

JUNE 12, 2003 - Finance  
Little, Smith  
JUNE 23, 2003 - Board Meeting  
Prepared by: Sharon Koike  
Submitted by: Sharon Koike  
Approved by: Darryl G. Miller

ACTION CALENDAR

DISTRICT BOND COUNSEL SERVICES

SUMMARY:

At the January 28, 2003 special meeting, the Board directed staff to issue a "Request for Proposal" (RFP) for bond counsel services for the District for a three-year period, and to bring the results back for the Board's consideration. An RFP was issued on February 3, 2003 and due back February 10, 2003. Eight responses were received, reviewed and bond counsel was selected by the Board to implement an expected interest rate swap transaction and a bond refunding. Due to the relatively short response time allowed in the first process, the Board directed staff to re-issue another RFP for District bond counsel services for a three-year period in order to allow for a longer response time for firms to respond. Staff issued an RFP on April 14, 2003 with responses due May 2, 2003. The following firms provided responses:

	<u>2/10/03</u>	<u>5/02/03</u>
Fulbright & Jaworski	Responded	(1)
Hawkins Delafield & Wood	Responded	(1)
Nixon Peabody	Responded	(2)
Orrick, Herrington & Sutcliffe	Responded	(1)
Quateman & Zidell (3)	Responded	(2)
Robinson & Pearman (3)	Responded	(1)
Sidley, Austin, Brown & Wood	Responded	(1)
Stradling Yocca Carlson & Rauth	Responded	(1)
Kutak Rock	No response	Responded

- (1) Asked District to consider original proposal.
- (2) Provided supplemental information to their original proposal.
- (3) MWBE Firm

All proposals were reviewed and evaluated by a selection committee consisting of the District's finance manager, financial advisor and general counsel to identify the top ranked firms that meet the needs of the District. The evaluation consisted of assigning points using the following criteria:

1. General overall experience of the firm as it relates to relevant municipal finance experience, municipal water financings, California transactions and transactions utilizing derivatives;

2. Experience of the individuals representing the firms and their understanding of the District;
3. Municipal finance tax law staff resources at the firm;
4. Whether the firm has a local presence in Southern California; and
5. The firm's proposed fees.

Based on the rankings, the top three firms were selected for interviews. These firms were ranked in the order of Stradling Yocca Carlson & Rauth; Sidley, Austin, Brown & Wood; and Orrick, Herrington & Sutcliffe. On June 2, 2003, interviews were conducted with an interview panel consisting of the District's financial advisors, general counsel, and finance manager.

All the proposals received were from experienced professional firms. The three firms selected were interviewed to determine which firm would be able to provide the best services to fit the needs of the District. Orrick has a very qualified senior tax partner, and the firm has a lot of national experience. Most of Orrick's water related experience dealt with the Los Angeles Department of Water and Power (LADWP) and experience with the Irvine Ranch Water District. Sidley, Austin, Brown and Wood also have a very experienced senior tax partner, with national experience. Sidley's primary water related experience has been gained through working as Bond Counsel for the East Bay Municipal Utility District (EBMUD). Sidley also has experience serving as underwriter's counsel and disclosure counsel on several financings for other utilities and Water Districts, including the Metropolitan Water District (MWD), and the Department of Water Resources (DWR) on interest rate swap transactions. Stradling Yocca Carlson and Rauth also have a very experienced senior tax partner with national experience, who also has extensive and specific knowledge of all of the District's tax issues. The panel highlighted the fact that the Stradling firm had an extensive client list of over 43 Water Districts and Water Agencies in California. These agencies include Central Coast Water Authority, Chino Basin Desalter Authority, Castaic Lake Water Agency, Eastern Municipal Water District, Inland Empire Utilities Agency, Las Virgenes Municipal Water District, Orange County Water District, and Three Valleys Municipal Water District.

Also, during the interview, Doug Brown of Stradling demonstrated to the panel his expertise and complete knowledge of all of the District's public finance transactions, including the uniqueness of each one of the private/public financing arrangements between the District and each of the refinery agreements.

After interviews were conducted, the panel met and proposed a selection for the District's bond counsel. Combining the extensive knowledge of Doug Brown, the senior tax partner, the depth of special water District experience of the firm, and the efficiency reflected in their proposed fees, the panel was unanimous in recommending Stradling Yocca Carlson & Rauth as the most qualified selection for the District. This recommendation is based upon several factors. The Stradling firm has the most extensive list of experience with Water Districts and Water Agencies in California, and also has experience in other relevant public sector and tax law areas. They have extensive experience with public debt issuances and financings, taxable and tax-exempt related matters, and derivative transactions. In addition, Doug Brown of Stradling clearly

demonstrated to the panel, his expertise and thorough understanding of bond counsel matters regarding special Water Districts in California, along with the complexity of the District's public finance transactions, including the related public/private tax related issues. Mr. Brown's thorough understanding of the District has also provided significant economies of efficiency in all of their work for the District, as their fees were significantly lower than the other firm's fees.

FISCAL IMPACTS:

Funds are included in the fiscal operating budget for bond counsel services.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on June 12, 2003 and agendized to the June 23, 2003 Board meeting for action. Director Little recommended approval and Director Smith did not make a recommendation

RECOMMENDED MOTION:

That the Board select Doug Brown of Stradling Yocca Carlson & Rauth as the District's bond counsel for a three year period, commencing on July 1, 2003.

EXHIBITS:

Exhibit "A" - Evaluation Matrix