

WEST BASIN MUNICIPAL WATER DISTRICT**AUGUST 14, 2003 - Finance**

Little, Kwan

AUGUST 25, 2003 - Board Meeting

Prepared by: Margaret Moggia

Submitted by: Margaret Moggia

Approved by: Darryl G. Miller

ACTION CALENDAR

FINANCIAL ADVISORY SERVICESSUMMARY:

In November 2002, the Finance Committee directed staff to issue a "Request for Proposal" (RFP) for a financial advisor to review the proposed swap transaction by Rice Financial. Staff issued the RFP to six firms and received responses from four financial advisors. The results of the RFP were brought to the Board in December 2002, and Public Financial Management ("PFM") was awarded a \$25,000 contract. The selection of the financial advisor was based upon the firm's experience with bond financings for special water districts, overall experience on complex debt structures, and their experience with derivatives, particularly interest swap transactions.

In February 2003, the Board requested additional financial advisory services from PFM. The contract was amended for an additional amount of \$195,000 for a total amended contract of \$220,000 to provide an expanded financial analysis, fee to negotiate and finalize the District's 2003 swap transaction, and refunding of the West Basin's 1993 fixed rate debt.

In anticipation of the District proceeding forward with the Phase IV expansion and other financings, staff requested PFM to submit a new "Scope of Work" that would provide general financial advisory services to the District for the next three-years. PFM estimates these services to be \$40,000. Each future financial transaction would be separately negotiated and the fee would be included in the cost of issuance of the new or refunded debt.

FISCAL IMPACTS:

Sufficient funds have been included in the current operating budget for the fiscal year 2003-04 to cover general consulting work.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on August 14, 2003 and recommended for approval at the August 25, 2003 Board meeting.

RECOMMENDED MOTION:

That the Board approves Alex Burnett of Public Financial Management as the District's financial advisor and authorize the General Manager to enter into an agreement with Public Financial Management for a three-year period ending June 30, 2006 for an amount not-to exceed \$40,000 for general consulting services plus out-of-pocket expenses.

LIST OF EXHIBITS:

None.

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