



WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746

AGENDA NO. 26

APRIL 14, 2010 – Finance

Smith (Chair), Dear

APRIL 26, 2010 – Board Meeting

Prepared by: Mary-Ann Rexroad

Submitted by: Margaret Moggia

Approved by: Rich Nagel

ACTION CALENDAR

TRUSTEE SERVICES SELECTION

SUMMARY:

As we pursue Water Reliability 2020, West Basin Municipal Water District (West Basin) has identified certain projects to diversify our water portfolio. These efforts include a capital investment in the expansion of our current water recycling facilities and adding a full scale Ocean-Water Desalination facility. In order to support these capital efforts, West Basin will need to issue debt that will require the services of a Trustee. Staff anticipates several financings over the next five years and intends to use the services of the selected trustee for these future bond issues.

At the March 2010 Finance Committee meeting, staff informed the Board that a "Request for Qualifications" (RFQ) for trustee services would be issued and that the trustee selected in April would be used for each financing during the next five years.

Minimum Requirements/Required Services

To qualify as a trustee for West Basin, the trustee must be a trust company or banking institution having the powers of a trust company, be qualified to do business, and authorized to exercise corporate trust powers in the State of California, have a combined capital stock, surplus and undivided profits of at least \$100,000,000, and be subject to supervision or examination by federal banking regulatory authorities.

In addition, the selected trustee will be required to assume the role of paying agent (as well as trustee), review and execute investment agreements associated with the funds held under the Trust Agreement, maintain and provide records of funds and accounts and services performed under the terms of the Trust Agreement, disburse principal and interest from the debt service funds to the Depository Trust Company on each payment date and assume all legal obligations required of the trustee and paying agent.

Outreach Efforts

In order to obtain the highest quality of service at a reasonable cost, staff posted an RFQ on West Basin's online bidding system, The Network. In addition, staff contacted trustees and requested they register on The Network so that they could participate in the process.

Selection Processed

The RFQ was posted on The Network on March 12, 2010 with proposals due March 31, 2010. West Basin received five proposals were reviewed by West Basin staff and West Basin's financial advisor. Each proposal was evaluated on the quality of responses to the proposal requirements, fees, capabilities, experience and expertise of the proposing bank and the assigned staff, and their past performance and references.

Interviews were conducted on April 7, 2010. The interview provided an opportunity for the trustee to discuss their capabilities and services.

Scores

The selection panel interviewed and scored the following trustees:

	<u>Total</u>
• Zions Bank	63
• Wells Fargo	77
• Union Bank	81
• U.S. Bank	87
• Bank of New York Mellon	93

See Exhibit "A" for a detailed score sheet for the five trustees.

Staff recommends The Bank of New York Mellon (BNY Mellon) based on their receiving the highest score. One of BNY Mellon's core businesses is corporate trust which allows them to have the resources available to support its clients and build on their infrastructure to support this line of business.

In order to secure the highest quality of service at a competitive cost, West Basin is requesting a five-year agreement term.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 4: Sound Financial and Resources Management – West Basin is committed to efficient business operations, financial planning, and asset management.

FISCAL IMPACTS:

Trustee fees for each fiscal year will be budgeted within the Finance and Support Services Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on April 14, 2010 and agendaized to the April 26, 2010 Board meeting for consideration without a Committee recommendation.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to retain The Bank of New York Mellon for a 5-year period for Trustee services based on their stated fee schedule.

LIST OF EXHIBITS:

EXHIBIT "A" - Detailed Score sheet

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