



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

AGENDA NO. 24

OCTOBER 15, 2010 – Finance
Smith (Chair), Dear
OCTOBER 25, 2010 – Board Meeting
Prepared by: Margaret Moggia
Submitted by: Margaret Moggia
Approved by: Rich Nagel

ACTION CALENDAR

BOND COUNSEL SERVICES

SUMMARY:

West Basin Municipal Water District (West Basin) requires specialized legal counsel from firms with public finance experience to provide assistance on the issuance or refunding on bond transactions, and legal and tax guidance to ensure that this agency maintains its tax-exempt status. Our current agreement for bond counsel services ends on October 31, 2010.

In August 2010, staff informed the Board that a "Request for Proposals" (RFP) for bond counsel services would be sent out seeking a qualified firm for a three-year period. West Basin requires both non-transactional (time and materials) work and transactional work (capital financing). The services are characterized as non-transactional and transactional work, as described below.

Non-transactional work

This work relates to specific tasks as assigned by staff to assist them and would be charged on a time & material basis. Examples of this work would include: answer legal and tax questions regarding West Basin projects; tax filings for the financing corporation; and review and submit the annual continuing disclosure statement.

Transactional work

Should West Basin undertake a financing transaction for new bond proceeds or restructure existing debt; the fee associated with this work would be brought before the Board at the time of the financing transaction as part of the Cost of Issuance. The cost may vary depending on the complexity of the transaction and whether West Basin will incorporate the use of a derivative.

Proposal Process

As required by our Procurement Policy, staff is to formally solicit for services over \$25,000. On September 7, 2010, West Basin solicited proposals from qualified firms to provide bond counsel services for a three-year period. During this three-year period, it is anticipated that the selected firm be available to provide West Basin with both non-transactional and transactional work and West Basin would be charged accordingly.

Through West Basin's online procurement system, The Network, the RFP was distributed to 46 firms. Fourteen firms accessed the RFP and on September 21, 2010, West Basin received six proposals. The proposals were reviewed for:

- Experience as bond counsel for municipal water agencies in California;
- Experience in providing legal advice in connection with derivative products;
- Relevant tax experience for municipal water agencies in California;
- Experience and reputation of assigned personnel; and
- Fees and expenses.

Based on this review, three firms were selected for interviews. The interviews were conducted on October 4, 2010, and the panel consisted of two West Basin staff members and Debby Cherney, Finance Manager with the Irvine Ranch Water District. Based on the interviews, the panel noted the following results:

| Criteria | Possible Points | Nixon Peabody LLC Los Angeles | Orrick Los Angeles | SYCR Newport Beach |
|---------------------|------------------------|--|-------------------------------|-------------------------------|
| Proposal Review | 60 | 49 | 49 | 56 |
| Interviews | 40 | 28 | 34 | 39 |
| LBE | 3 | 0 | 0 | 0 |
| Total Points | 103 | 77 | 83 | 95 |

The panel noted that each firm is highly qualified and an experienced public finance law firm in the California municipal market. During the interviews, the panel noted the strengths and experiences of each firm and how they would complement the "Scope of Services" to perform for West Basin. Based on the above scores, the panel recommends Stradling Yocca Carlson & Rauth (SYCR), who had the highest score.

SYCR's team is focused within the municipal market and within the water industry in all aspects, including having clients that range from state water contractors, agriculture, wholesale and retail. The team is extremely knowledgeable about securities law and the requirements necessary for disclosure, swaps, and the various financing products (tax exempt debt, taxable debt through Build America Bonds, General Obligation bonds, and commercial paper). In addition, the team understands and can provide tax counsel in the structuring of our customer agreements and contract operations agreements to ensure that West Basin appropriately addresses the risks to finance the debt in the most effective and financial advantageous manner.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

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

FISCAL IMPACTS:

Fees have been included in the Fiscal Year 2010-11 Finance and Support Services Operating Budget for the non-transactional work. Fees associated with a bond financing transaction will be included in the cost of issuance and approved at that time.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on October 15, 2010 and recommended for approval at the October 25, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board authorizes the General Manager to enter into a three year agreement with Stradling Yocca Carlson & Rauth to be West Basin's bond counsel for a total not-to-exceed amount of \$75,000 for non-transactional services.

LIST OF EXHIBITS:

EXHIBIT "A" – Score Sheet

w:/westbasinboard/wbmwd/2010october/10oct020