

**CENTRAL BASIN MUNICIPAL WATER DISTRICT**    **JANUARY 11, 2006 – Finance**  
 Hawkins, No Quorum  
**JANUARY 23, 2006 - Board Meeting**  
 Prepared by: Margaret Moggia  
 Submitted by: Margaret Moggia  
 Approved by: Art Aguilar/Rich Nagel

**ACTION CALENDAR**

**ARBITRAGE REBATE COMPLIANCE AND CALCULATION SERVICE**

**SUMMARY:**

In September 2005, staff informed the Board that the District will be issuing a “Request for Proposals” (RFP) to perform arbitrage rebate compliance and calculation services on the District’s outstanding bonds. The service includes the appropriate data collection and analysis, production of a five-year report that determines the arbitrage on each respective bond, and identifying where amounts may be due to the Internal Revenue Service for positive arbitrage. The RFP was issued in October 2005 to prospective firms and placed on the District’s website.

The District received six proposals and each proposal was evaluated for its approach, team experience, firm experience, fee and overall proposal completeness. After review, the top three firms were selected to participate in the interview process. Interviews were conducted by a panel of staff and a representative from the Alameda Corridor Transit Authority on December 13, 2005. Listed below is a summary of the scores:

	<b>MuniFinancial</b>	<b>Arbitrage Compliance Specialist</b>	<b>Bond Logistix</b>
<b>Proposal Review</b>	86.00	87.50	94.50
<b>Interview</b>	<u>81.33</u>	<u>73.00</u>	<u>91.01</u>
<b>Total Score</b>	167.33	160.50	185.51
<b>Not-To-Exceed Price</b>	\$23,800	\$23,700	\$28,500

Based on their proposal and the interview, the interview panel felt that Bond Logistix provided a thorough understanding of arbitrage regulations, a thorough review process, and qualified staff to perform the services. In addition, Bond Logistix has other available resources to provide staff value-added services such as investment advice, legal advice and training generally at no additional cost.

Each calculation is prepared by a Bond Logistix staff person with a minimum of five years experience. There is a multi-layered review process in which, at a minimum, a peer staff, project manager, and legal counsel review the calculation and provide comments or recommendations. Each five-year report has a legal opinion included that ensures that the calculation is in accordance with the regulations.

The fee noted above is a not-to-exceed amount and includes the required reports from the initial five-year to full refunding or actual legal defeasance of each of the bonds. Most of the reports can be completed in this current fiscal year except for the 1997A Refunding Revenue Certificate of Participation, which the final of two reports will be in 2007. In addition, staff has included costs for

reviewing the previous calculation to ensure that all appropriate considerations were made and to determine the cumulative arbitrage amount.

FISCAL IMPACTS:

Funds are included in the District's Financial Support Services operating Budget.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was not reviewed by the Finance Committee on January 11, 2006 due to a lack of quorum. Director Hawkins suggested that the Board consider a contract with MuniFinancial for arbitrage rebate compliance and calculation services and that this item be agendaized to the January 23, 2006 Board meeting for consideration.

RECOMMENDED MOTION:

That the Board authorizes the Co-General Managers to enter into a contract with Bond Logistix for arbitrage rebate compliance and calculation services in an amount not-to-exceed \$28,500 plus 10% for contingency for a total of \$31,350.

EXHIBITS:

Exhibit "A" – Scoring Worksheet

G:\directors\cbmwd\06jan001