

APPROVED
By the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

NOV 14 1995 7-9

Barbara E. Duff
EXECUTIVE SECRETARY

October 23, 1995

To: Board of Directors (Finance and Insurance Committee--Action)
(Organization & Personnel Committee--Action)
(Legal and Claims Committee--Action)

From: General Counsel

Subject: Contracts for Special Counsel and Disclosure Counsel

RECOMMENDATION:

Authorize the General Counsel to execute contracts retaining the following law firms to act as special bond counsel or disclosure counsel, on the terms and conditions contained in the relevant firm's proposal and such other terms and conditions as are approved by the General Counsel:

- (1) The law firm of O'Melveny & Myers, as Metropolitan's Special Bond Counsel for the term commencing on January 1, 1996 and ending on December 31, 1999;
- (2) The firms of Robinson & Pearman; Curlls, Schwartz, Brown & Roushon; and Ochoa & Sillas as co-Special Bond Counsel, to rotate on financial transactions during the period from January 1, 1996 through December 31, 1999; and
- (3) The law firm of Hawkins, Delafield & Wood as Metropolitan's Disclosure Counsel for a term commencing on the date of execution of the contract and ending December 31, 1998.

N. Gregory Taylor

N. Gregory Taylor
General Counsel

EXECUTIVE SUMMARY:

Metropolitan's Requests for Proposals for Special Counsel and Disclosure Counsel received responses from 26 law firms, most of whom provided proposals for both Special Counsel and Disclosure Counsel. Members of Metropolitan's Legal Department and Finance Division reviewed the proposals and concurred on a short list of 11 firms to be interviewed. A five-person interview panel unanimously recommended that O'Melveny & Myers continue as Metropolitan's lead Special Bond Counsel for the next four years. The panel also recommended retention of the minority business enterprise firms of Robinson & Pearman, Curlls, Schwartz, Brown & Roushon, and Ochoa & Sillas as co-Special Bond Counsel for the same term. It is proposed that Metropolitan enter into contracts with these firms, providing that these firms will act on a rotating basis in bond issues and other financing transactions during the contract term. Finally, the panel concurred on the recommendation of Hawkins, Delafield & Wood to act as Disclosure Counsel, for a term commencing upon execution of their contract with Metropolitan and ending December 31, 1998. The hourly rates of these firms under their respective contracts are listed on Attachment 1.

DETAILED REPORT:

Metropolitan's Requests for Proposals for Special Counsel and Disclosure Counsel were mailed on August 1, 1995, with a deadline for responses of 3 p.m. on September 15, 1995. Metropolitan received responses from 26 law firms, most of whom provided proposals for both Special Counsel and Disclosure Counsel. Two firms delivered their packages after the deadline of 3 p.m., so their proposals were not considered.

Members of Metropolitan's Legal Department and Finance Division reviewed the proposals and concurred on a short list of 11 firms to be interviewed. The interview panel consisted of Assistant General Counsel Karen Tachiki, Assistant Chief Financial Officer Antoinette Christovale, Sr. Deputy General Counsel Sydney Bennion and two public finance attorneys from other public agencies -- Curtis Fitzpatrick, Sr. Assistant City Attorney for the City of San Diego and Mark Saladino, from the office of the County Counsel for Los Angeles County. These attorneys provided insights on the selection criteria and selection process. The firms were ranked according to experience involving tax-exempt bond issues, commercial paper and taxable bonds; expertise in related financial representation of government agencies, including legislative and regulatory matters; availability of qualified attorneys in litigation and related areas; qualifications and depth of staff to be assigned to Metropolitan; cost; adequacy of insurance; and similar factors.

Special Counsel. The interview panel unanimously recommended that O'Melveny & Myers continue as Metropolitan's lead Special Bond Counsel for the next four years. O'Melveny's experience in public finance matters generally and qualified staff in related areas of representation, as well as long experience with Metropolitan, qualified O'Melveny to act in this capacity. The firm which the panel rated in second place according to overall qualifications would have significant conflict of interest matters to overcome in order to represent Metropolitan.

Co-Special Bond Counsel. The panel also recommended retention of the minority business enterprise firms of Robinson & Pearman, Curls, Schwartz, Brown & Roushon, and Ochoa & Sillas as co-Special Bond Counsel for the same term. These three firms placed close together at the top of the rankings of minority business enterprise firms. It is proposed that Metropolitan enter into contracts with these firms, providing that these firms will act on a rotating basis in bond issues and other financing transactions during the contract term.

Disclosure Counsel. Finally, the panel concurred on the recommendation of Hawkins, Delafield & Wood to act as Disclosure Counsel. Disclosure Counsel will prepare the disclosure for Metropolitan financings and provide advice on ongoing disclosure required under Securities Exchange Commission regulations which became effective for municipal financings beginning in July 1995. Because of the possibility that issues on continuing disclosure may arise between bond issues, it is proposed that the contract with Disclosure Counsel begin whenever the contract is finalized. This engagement would end December 31, 1998.

Fees. The hourly rates of attorneys from each of the above firms which will be charged to Metropolitan under the proposed contract are listed on Attachment 1.

Attachment 1

SPECIAL COUNSEL AND DISCLOSURE COUNSEL FEES

<i>Firm Name</i>	<i>Proposed Role</i>	<i>Hourly Rates</i>
O'Melveny & Myers	Lead Special Bond Counsel	\$250 (blended rate) ¹ or range of \$121.50-337.50 ²
Robinson & Pearman	Co-Special Bond Counsel	\$250
Curls, Schwartz, Brown & Roushon	Co-Special Bond Counsel	\$175 ³
Ochoa & Sillas	Co-Special Bond Counsel	\$175-200
Hawkins, Delafield & Wood	Disclosure Counsel	\$136-267.75 ⁴

¹ Represents \$10 discount from blended rate of \$260 under current contract. Rate increases \$10 per year.

² Includes discount from hourly rates of \$130-375 effective November 1, 1995.

³ Discounted blended rate. Usual blended rate is \$195.

⁴ Includes 15% discount from normal hourly rate.