

FINANCE AND AUDIT BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
July 15, 2009
9:00 a.m. (PDT)

Approximate Meeting Time: 1.5 hours

THIS BOARD MEETING WILL INCLUDE TELECONFERENCING AT THE
FOLLOWING LOCATION:
12025 CEDAR SHORE ROAD, ELLISON BAY, WISCONSIN

1. Call Meeting to Order
2. Approve the Minutes of the June 15, 2009 Special Finance & Audit Board of Directors' Meeting and the June 17, 2009 Finance and Audit Board Meeting **ROLL CALL VOTE**
3. Public Comments
4. 2009 Water Supply Reliability Financing
 - a. Recommendation of Financial Advisory Firm

The 2009/10 Budget includes approximately a \$50 million borrowing to finance the Water Supply Reliability Projects. In order to proceed with the borrowing, the General Manager and the Finance Director/Treasurer recommend the engagement of a Financial Advisor. Financial Advisors play a key role in the borrowing process advising on the structure, size, timing and credit rating for the offering (see the minimum Scope of Work as attached.) The Financial Advisor serves as an independent advisor and has no financial ties to the underwriter or broker/dealers.

On May 20, 2009, a Request for Proposal was sent to four (4) Financial Advisory Firms. All four of the firms responded and interviews were held on July 9, 2009. Staff used the firm's qualifications, capability to provide the required services, and past experience on financing water and wastewater infrastructure as the criteria for selection of the best firm to serve the District. Staff recommends Bartle Wells to serve as the District's Financial Advisor. Mr. Reed Schmidt and Mr. Alex Handlers will head up the services to be provided to the District. The Request for Proposal was written to cover the upcoming borrowing and any future work needed by the District until terminated by either party.

The expected cost of the services is \$70,000. In addition, the District will reimburse Bartle Wells for any costs they pay on behalf of the District i.e., rating agency fees. The cost of the service will be paid by debt proceeds and may change if additional tasks are added to the Scope of Work or the if the amount of the borrowing changes materially from the proposed amount.

- b. Proposed Timeline

5. Recommendation to Engage InfoSend for Bill Printing and Mailing Services

Currently the Billing Department prints the customer statements in-house. We bill approximately 50,000 of our nearly 53,400 accounts monthly (this is due to the bimonthly billing of commercial accounts). About 45,000 paper statements are printed each month due to the e.Bill statements, electronic bills, being sent through a third-party by email.

It has become a cost-effective option to consider outsourcing the printing of these statements. We have received quotes from three outside vendors. The cost for InfoSend to print the statements is \$0.125.

Outsourcing this process would enable the District to include a graph on the bill. Our current printers do not have this capability nor does the size of our current paper allow for it. The bill would increase to a full sheet, which would allow for additional information as well. Recently our "message" section was sacrificed for the addition of the water usage history. Providing a graph could translate into an effective conservation tool assisting the District in meeting its goal to avoid costly penalties.

The matter of including reply envelopes in autopay bills would be resolved. Outsourcing can address this and still allow the District to realize maximum postal discounts.

InfoSend is a local company with excellent references from El Toro Water District and South Tahoe Public Utility District. The estimated cost annually would be approximately \$70,000. This is about \$5,000 - \$7,000 per year less than the current budgeted amount that includes vendor services for paper products, folding and stuffing, printer consumables, and postal software.

InfoSend provides e.Bill service as well. Their pricing is also competitive in this area; therefore, we recommend consolidating these two services into one vendor.

To obtain our business InfoSend has agreed to waive any setup fees and associated costs. Based on the cost savings and other benefits to the District, staff recommends using InfoSend for the printing and mailing of our bills.

6. Fiscal Year-End Process

7. Review of the Status of Post Employment Benefit Obligations

8. California State Budget Status

9. Finance Division Report

10. Review Monthly Financial Statements for Period Ended June 30, 2009 (preliminary)

11. Late Items (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda Posting

12. Adjournment

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 643-2006 at least seventy-two (72) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least seventy-two (72) hours prior to the scheduled meeting.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than 72 hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed, except that, if such writings are distributed immediately prior to, or during, the meeting, they will be available in the Board meeting room.