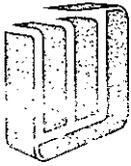


APPROVED
by the Board of Directors of
The Metropolitan Water District
of Southern California
at its meeting held

APR 14 1992

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

[Signature]
EXECUTIVE SECRETARY

March 24, 1992

To: Board of Directors (Finance and Insurance Committee--Action)
From: General Manager
Subject: Appropriation No. 638--Marketing Expense for
Sale of Water Revenue Bonds, Issue of 1992

Report

Projections of construction expenditures to finance the acquisition and construction of improvements and works of the District indicate additional bond financing will be required by the fall of 1992. To take advantage of low interest rates and other favorable conditions that exist in the municipal bond markets, the District should be prepared to sell securities during the summer of 1992. Staff has begun the process of revising and updating disclosure information and financial data to be included in the official statement. Preliminary work has started on determining the optimum size and timing of the bond sale.

An appropriation is required to charge marketing expenses incurred in connection with the proposed sale. Marketing expense estimates for this sale are derived from past experience, and the best estimates of staff and the District's financial advisor.

It is estimated that an appropriation in the amount of \$320,000 will be required to cover the projected marketing expenses for the proposed sale. Marketing expenses for the most recent bond sales have ranged from \$220,000 to \$422,500. The following table shows the estimated expenses:

Financial Advisor	\$ 50,000
Bond Counsel	100,000
Moody's Investors Service	40,000
Standard and Poor's Corporation	40,000
Typesetting, Printing, Mailing	65,000
Market Development/Miscellaneous	10,000
Auditing Services	<u>15,000</u>
	\$320,000

To the extent permitted under federal laws and regulations all or part of the costs will be funded from bond proceeds. Staff will rely on tax advice and instructions from bond counsel in allocating expenses to bond proceeds or the General Fund. The appropriation for this purpose will be designated as Appropriation No. 638--Marketing Expenses for Sale of Water Revenue Bonds, Issue of 1992.

Action in connection with the proposed appropriation for bond marketing expenses is not subject to the provisions of the California Environmental Quality Act because it can be seen with certainty that there is no possibility that this action can have a significant effect on the environment.

Assignment of this letter to Board Committee

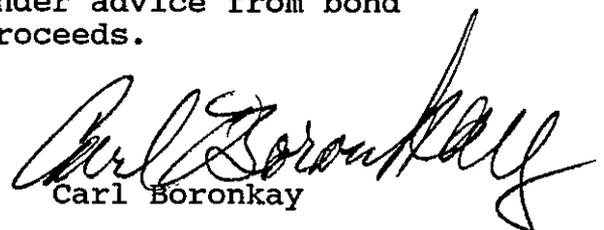
This letter was referred for action to the Finance and Insurance Committee because of its jurisdiction to study, advise, and make recommendations regarding the appropriation and potential disposition of funds, pursuant to Administrative Code Section 2441(c) and (d).

Recommendation

FINANCE AND INSURANCE COMMITTEE FOR ACTION.

It is recommended that the Board of Directors:

- 1) Authorize Appropriation No. 638 in the amount of \$320,000 for marketing expenses arising from the sale of Water Revenue Bonds, Issue of 1992;
- 2) Authorize payment of the expenses from bond proceeds to the extent permitted under federal laws and regulations in accordance with instructions from bond counsel; and
- 3) Authorize payment of expenses from the General Fund to the extent such expenses, under advice from bond counsel, cannot be paid from bond proceeds.


Carl Boronkay