

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

June 24, 1993

To: Board of Directors (Finance and Insurance Committee--Action)

From: General Manager

Subject: Appropriation No. 663--Marketing Expenses for Sale of Water Revenue Refunding Bonds, 1993 Series B, and Waterworks General Obligation Refunding Bonds, 1993 Series B

### Report

On June 23, 1993, Metropolitan sold \$78.3 million Waterworks General Obligation Refunding Bonds, 1993 Series B, and \$89.6 million Water Revenue Refunding Bonds, 1993 Series B. These negotiated sales completed refundings of bonds issued in 1970, 1978, and 1979. Interest savings will total \$11.3 million with net present value savings of \$5.9 million. The Waterworks General Obligation Refunding Bonds were rated triple-A and the Water Revenue Refundings were rated double-A by both Moody's Investors Service and Standard and Poor's Corporation.

An appropriation is required to charge marketing expenses incurred in connection with these refundings. Marketing expense estimates for the refundings are based on costs incurred to date, past sales, and input from the District's financial advisor.

It is estimated that an appropriation in the amount of \$527,000 will be required to cover expenses.

Bond Counsel/Co-Bond Counsel	\$150,000
Moody's Investors Service	45,000
Standard and Poor's Corporation	45,000
Typesetting, Printing, Mailing	100,000
Financial Advisor	25,000
Market Development/Miscellaneous	15,000
Surety Bond	126,000
Verification Agent	10,000
Auditing Services	<u>11,000</u>
Total Appropriation	\$527,000

The Fourth Supplemental Resolution to the Master Water Revenue Bond Resolution, which authorized the Water Revenue Refunding, 1993 Series B, provided that the 1993 Series B Reserve Fund could be substituted, in whole or in part, with a Reserve Fund Credit Policy to be deposited with the District's Fiscal Agent. The resolution defines a Reserve Fund Credit Policy as an insurance policy, surety bond, letter of credit or other credit facility. The marketing expenses include \$126,000 to purchase a surety bond to replace the 1993 Series B Reserve Fund.

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

#### Board Committee Assignment

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 authorize Appropriation No. 663 in the amount of \$527,000 for marketing expenses arising from the sale of Water Revenue Refunding Bonds, 1993 Series B, and Waterworks General Obligation Refunding Bonds, 1993 Series B, to be paid from the General Fund.

  
for General Manager