



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JUN 13 1995

Robert E. Duff
EXECUTIVE SECRETARY

May 23, 1995

To: Board of Directors (Finance and Insurance Committee--Action)
From: General Manager
Subject: Appropriation No. 709 -- Marketing Expenses for Sale of Water Revenue Bonds, 1995 Series A

RECOMMENDATION:

That the Board of Directors authorize Appropriation No. 709 in the amount of \$560,000, from the General Fund, for marketing expenses arising from the sale of Water Revenue Bonds, 1995 Series A.

John R. Wodraska
General Manager

Submitted by:

Lambertus H. Becker
Lambertus H. Becker
Chief Financial Officer

Concur:

John R. Wodraska
John R. Wodraska
General Manager

EXECUTIVE SUMMARY:

By separate letter the General Manager is recommending Board action to authorize the sale of Water Revenue Bonds, 1995 Series A. An appropriation is required against which to charge expenses incurred and to be incurred in connection with this competitive bond sale.

Estimates of marketing expenses were derived from past experience, and the best estimates of staff and the District's financial advisor. It is recommended that the Board of Directors authorize Appropriation No. 709 for \$560,000, from the General Fund, to pay marketing expenses for sale of the Water Revenue Bonds, 1995 Series A.

DETAILED REPORT:

Under separate letter the General Manager is recommending Board action to authorize a competitive sale of between \$150 million and \$220 million Water Revenue Bonds, 1995 Series A. The bonds are needed to finance the design and construction of improvements and works of the District. It is currently planned to sell the bonds on or about June 27, 1995. An appropriation is required against which to charge marketing expenses incurred and to be incurred in connection with the proposed competitive 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 \$560,000 will be required. The following table shows the breakdown of the estimated expenses:

Bond Counsel	\$ 85,000
Co-Bond Counsel	\$ 35,000
Disclosure Counsel	\$ 35,000
Moody's Investor Service	\$ 50,000
Standard and Poor's Corporation	\$ 50,000
Typesetting, Printing, Mailing	\$120,000
Auditing Services	\$ 10,000
Market Development/Miscellaneous	\$ 10,000
Contingency	\$ 25,000
Surety Bond	<u>\$140,000</u>
Total	\$560,000

The \$140,000 included for a surety bond is to provide the flexibility to use insurance to replace the revenue bond reserve fund and transfer additional bond proceeds to the construction fund.

The appropriation for this purpose will be designated Appropriation No. 709 "Marketing Expenses for Sale of Water Revenue Bonds, 1995 Series A", from the General Fund.

Action in connection with the marketing expenses associated with the sale is exempt from the provisions of the California Environmental Quality Act because it constitutes a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.