

March 15, 1999

**To:** Board of Directors (Executive Committee--Action)

**From:** General Counsel \_\_\_\_\_

**Subject:** Amendment to Contract with Hawkins, Delafield & Wood for Disclosure Counsel Services

### RECOMMENDATION(S)

It is recommended that the Board authorize the General Counsel to amend an existing agreement with the law firm of Hawkins, Delafield & Wood for disclosure counsel services to permit this firm to complete requisite disclosure services on three currently proposed financings which will extend beyond the March 31, 1999 termination date of the current contract.

### EXECUTIVE SUMMARY

In November, 1995, the Board authorized the General Counsel to enter into a contract with the firm of Hawkins, Delafield & Wood (Hawkins Delafield) for disclosure counsel services in connection with Metropolitan's sale of bonds and commercial paper. This contract, as amended, is presently scheduled to expire March 31, 1999. Hawkins Delafield has prepared Preliminary Official Statements describing two series of revenue bonds and one series of general obligation bonds which Metropolitan proposes to issue when prevailing market conditions permit. Work began on these financings in October, 1998. However, these bond issues are sensitive to prevailing interest rates and have not been sold to date due to the existing market conditions. A revision in the disclosure counsel contract to extend the termination date with respect to these pending financings only will allow these bond issues to be sold on short notice when favorable interest rates provide a "window of opportunity" in the market and will permit Hawkins Delafield to conclude this work.

### DETAILED REPORT

In November, 1995, the Board authorized the General Counsel to enter into a contract with the firm of Hawkins, Delafield & Wood (Hawkins Delafield) for disclosure counsel services in connection with Metropolitan's sale of bonds and commercial paper. That contract, as amended, will expire on March 31, 1999. In November, 1998, 15 firms, including Hawkins Delafield, submitted proposals to serve Metropolitan as disclosure counsel for 1999 through 2001. These proposals are currently being evaluated and selection is anticipated within a few months. Pursuant to its existing engagement, Hawkins Delafield has prepared Preliminary Official Statements describing two series of revenue bonds and one series of general obligation bonds which Metropolitan intends to issue and sell when permitted under prevailing market conditions. Metropolitan's Water Revenue Bonds, 1998 Authorization, Series 1, were authorized by

Resolution 8616 adopted by the Board on November 10, 1998, to provide funds to retire a portion of Metropolitan's outstanding commercial paper with fixed rate debt. Also on November 10, 1998, the Board extended the authority of the Ad Hoc Committee to negotiate the sale of water revenue and general obligation refunding bonds through December 31, 1999. Pursuant to that authority, Preliminary Official Statements have been developed for the Water Revenue Refunding Bonds, 1999 Series A, as authorized by Resolution 8387, and the Waterworks General Obligation Refunding Bonds, 1999 Series A, as authorized by Resolution 8386. These bonds are to be issued to refund certain outstanding water revenue and general obligation bonds when market conditions permit such refunding to meet the savings targets established by the Board. Hawkins Delafield began work on these financings in October, 1998. All three bond issues are sensitive to prevailing interest rates and none have been sold as of the date of this letter. A revision in the disclosure counsel contract to extend the termination date with respect to these financings only will allow these bond issues to be sold on short notice when a "window of opportunity" opens in the market thereby permitting Hawkins Delafield to conclude their work under this contract.

JWM:gm