

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

December 17, 1991

*To:* Board of Directors (Finance and Insurance Committee--Action)  
*From:* General Manager  
*Subject:* Form of Resolution for Reimbursement of the General Fund

### Report

Transmitted herewith is a form of resolution which, if adopted by your Board, would declare Metropolitan's intention to reimburse its General Fund from proceeds of tax-exempt or taxable securities for capital payments made by Metropolitan under the water conservation agreement with the Imperial Irrigation District.

Currently, Metropolitan is making capital payments to the Imperial Irrigation District from the General Fund to finance irrigation system improvements in exchange for the water conserved. Staff and bond counsel are seeking a ruling by the Internal Revenue Service that would permit such payments to be payable from the proceeds of tax-exempt or taxable securities issued by the District.

Bond counsel recommends adoption of a form of resolution to express the Board's intention to reimburse the General Fund for any payments made prior to the anticipated ruling by the IRS. This would provide the flexibility to reimburse the General Fund for the scheduled \$19.1 million capital payment to the Imperial Irrigation District in January 1992. Under IRS regulations, only payments made after adoption of a resolution of intent to reimburse are eligible for reimbursement.

This action is exempt from the California Environmental Quality Act as it can have no possible effect on the environment.

### Board Committee Assignment

This letter was referred to the Finance and Insurance Committee pursuant to its authority regarding the sale of bonds and borrowing and repayment of money under Administrative Code Section 2441(b).

Recommendation

**FINANCE AND INSURANCE COMMITTEE FOR ACTION.**

It is recommended that the Board adopt the proposed resolution attached hereto, providing for a declaration by Metropolitan of its intention to reimburse the General Fund from proceeds of tax-exempt or taxable securities for capital payments made by Metropolitan under the water conservation agreement with the Imperial Irrigation District.

  
Carl Boronkay

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Attachment

## Resolution

RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA  
DECLARING ITS INTENTION TO REIMBURSE ITS GENERAL FUND  
WITH BOND PROCEEDS

WHEREAS, The Metropolitan Water District of Southern California (the "District") desires and intends to fund certain capital water conservation measures designed to save and therefore provide the District with 106,110 acre-feet of additional water per year, to be implemented by the Imperial Irrigation District (the "IID"), and described in more detail at Table I of the Imperial-Metropolitan Water Conservation Agreement, by and between the District and the IID, dated December 19, 1989 (the "Project").

WHEREAS, no funds of the District are, or are reasonably expected to be, allocated, reserved or otherwise available pursuant to the District's budget on a long-term basis to pay the capital costs of the Project.

WHEREAS, the District expects to issue taxable or tax-exempt bonds secured by and payable from general revenues of the District to finance the capital costs of the Project on a permanent basis.

WHEREAS, the District expects to incur certain capital costs in connection with the Project prior to issuing bonds which costs will be paid from amounts temporarily withdrawn from the District's General Fund.

NOW, THEREFORE, in accordance with proposed Treasury Regulation Section 1.103-17, the District declares its intention to reimburse its General Fund in the amount temporarily withdrawn to pay the capital costs of the Project with the proceeds of a future taxable or tax-exempt bond issue payable from general revenues of the District.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on January 14, 1992.

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Executive Secretary  
The Metropolitan Water District of  
Southern California