

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

May 17, 1993

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

From: General Manager

Subject: Revision of Appropriation No. 654, Marketing Expenses for Sale of Water Revenue Refunding Bonds, Issue of 1993, and Waterworks Refunding General Obligation Bonds, Issue of 1993, for an Increase of \$91,100, to Cover Additional Marketing Expenses

### Report

On February 10, 1993, Metropolitan sold \$279.7 million Waterworks General Obligation Refunding Bonds and \$168.8 million Water Revenue Refunding Bonds. These sales accomplished the partial refunding of bond issues from 1970, 1976, 1986, 1989, and 1991, and resulted in interest cost savings to the District of \$35.6 million.

Appropriation No. 654 was approved by your Board to pay expenses incurred in connection with the refundings. It was estimated that the marketing expenses for the sales would be \$500,000. Actual expenses have exceeded the estimate by approximately \$91,100. As shown on the table below, the main overruns occurred in bond counsel fees and printing costs, which were underestimated.

An increase in Appropriation No. 654 in the amount of \$91,100 will be required to cover the revised marketing expenses for the 1993 Series A refundings. The table shows the original estimated marketing expenses, the required increase, and the total expenses:

	<u>Original Amount</u>	<u>Increase</u>	<u>Total Approp.</u>
Bond Counsel/Co-Bond Counsel	\$175,000	\$ 40,000	215,000
Moody's Investors Service	65,000	-0-	65,000
Standard and Poor's Corporation	65,000	8,600	73,600
Typesetting, Printing, Mailing	80,000	40,000	120,000
Financial Advisor	50,000	-0-	50,000
Market Development/Miscellaneous	10,000	-0-	10,000
Verification Agent	7,500	2,500	10,000
Auditing Services	15,000	-0-	15,000
Contingency	<u>32,500</u>	<u>-0-</u>	<u>32,500</u>
<b>Total</b>	<b>\$500,000</b>	<b>\$ 91,100</b>	<b>\$591,100</b>

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.

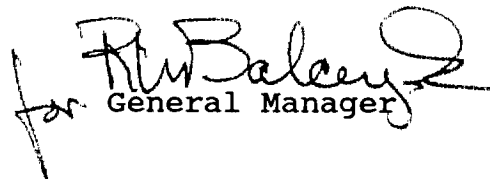
#### Board Committee Assignment

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).

#### Recommendations

##### **FINANCE AND INSURANCE COMMITTEE FOR ACTION.**

It is recommended that the Board of Directors authorize an increase in Appropriation No. 654, Marketing Expense for Sale of Water Revenue Refunding Bonds, Issues of 1993, Waterworks Refunding General Obligation Bonds, Issues of 1993, by \$91,100, to a total of \$591,100, to cover additional marketing expenses.

for  General Manager