

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

November 16, 1993

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

From: General Manager

Subject: Extension of Authority to Issue Refunding Bonds Under Board Resolutions 8386 and 8387

Report

In January 1993, your Board adopted Resolution 8386 authorizing the issuance of waterworks general obligation refunding bonds and Resolution 8387 authorizing the issuance of water revenue refunding bonds. At that time, your Board specified that the authorizations would remain in effect through December 31, 1993 to give the Ad Hoc Committee flexibility to take advantage of multiple refunding opportunities should they occur throughout the year. The Chairman of the Board, the Chairman of the Finance and Insurance Committee of the Board, and the General Manager or his designee, acting jointly, comprise the Ad Hoc Committee.

In February 1993, subject to the guidelines set by your Board, Metropolitan issued \$279.7 million of general obligation refunding bonds and \$168.8 million of revenue refunding bonds, realizing gross interest cost savings of \$35.6 million. In June 1993, Metropolitan issued \$78.3 million of general obligation refunding bonds and \$89.6 million of revenue refunding bonds, for additional gross interest cost savings of \$11.3 million.

Additional refunding opportunities may develop near the end of 1993 or during 1994 based on your Board's guideline of achieving at least 5 percent present value savings. An underwriting team has been assembled, led by Smith Barney, Harris Upham & Co., and the necessary documentation has been substantially completed in order that the next refunding can be completed on short notice.

In order to maximize the financial benefits that may become available, it is recommended that your Board extend authority pursuant to Resolutions 8386 and 8387 for the Ad Hoc Committee to negotiate on behalf of the District the structure of the bond issues and the terms and conditions of the sale of the bonds, and to negotiate the sale of the

bonds at a private sale to one or more purchasers without the necessity of public or competitive bidding. In each of such Resolutions your Board found and determined that the interests of the District and the public interest and necessity require that the provisions of Section 225 and 226 be waived, so that the refunding bonds may be sold through negotiated sale.

The proposed action is exempt from the provisions of the California Environmental Quality Act because it can reasonably be determined that there is no possibility that it could have a significant effect on the environment.

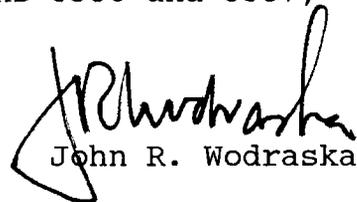
Board Committee Assignment

This letter was referred for action to the Finance and Insurance Committee because of its authority to study, advise and make recommendations with regard to the sale of bonds, pursuant to Administrative Code Section 2441(b).

Recommendation

FINANCE AND INSURANCE COMMITTEE FOR ACTION.

It is recommended that the Board of Directors, by a vote of two-thirds of the total vote of the Board, extend the authority of the Ad Hoc Committee to negotiate the sale of refunding bonds under Board Resolutions 8386 and 8387, through December 31, 1994.



John R. Wodraska

CGP:jg

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