

**“Approve an Increase
of \$1 million to
Appropriation No. 15456
to Pay Costs of Issuance of
Water Revenue Bonds”**

Business and Finance Committee

Item 7-1

August 17, 2009

Appropriation No. 15456

- August 2008: \$1.4M authorized by Board
- Funds used to pay costs for issuing Water Revenue Bonds and interest rate swaps
 - Bond Counsel Fees
 - Financial / Swap Advisory Fees
 - Rating Agency Fees
 - Printing / Other Fees
- Expiration August 2010

Recent Financings

- Provided Metropolitan with \$550 million of new money to fund capital program
 - Including \$328M of taxable Build America Bonds
- Refunded variable rate bonds that were supported by liquidity facilities that had credit rating downgrades
 - Including \$208M of SIFMA Index Notes
- Due to number and complexity of recent financings, (from January 2009 to August 2009) all available funding from Appropriation 15456 will be used

Upcoming Financings

- \$200 million remaining authorization for new money water revenue bonds
- Potential refundings of variable rate bonds supported by liquidity facilities that have been downgraded
- Potential interest rate swap transactions to manage risk and variable rate exposure
- Additional \$1 million required through August 2010

Recommendation

Option #1:

- Adopt CEQA determination
- Approve an increase of \$1 million in Appropriation No. 15456 to pay costs of issuance for water revenue bonds, water revenue refunding bonds, and costs associated with securing new liquidity facilities, and interest rate swap transactions
- Authorize reimbursement of expenses paid from the General Fund by bond proceeds