



Authorize Execution and Distribution of Official Statements and Amendment and Termination of Interest Rate Swaps

Finance and Insurance Committee

Item 8-8

June 11, 2012

Overview

- Proposed Bond Refunding and Interest Rate Swap Terminations
- Significant updates to Appendix A

Proposed Bond Refunding and Interest Rate Swap Terminations

- Discussed at May 2012 F&I Committee
- Proposed fixed rate refunding bonds
 - Proceeds will refund variable rate bonds and pay termination costs for interest rate swaps
 - Lock-in future savings from prior bond refundings and swap transactions (provide certainty)
 - Mitigate and eliminate various risks associated with variable rate debt and swap programs
- Market opportunity still available to Metropolitan
- Pricing scheduled for the end of June

Proposed Financing

- Water Revenue Refunding Bonds
 - 2012 Series C - Tax-Exempt fixed rate water revenue refunding bonds
 - 2012 Series D – Taxable fixed rate water revenue refunding bonds
 - 2012 Series E - Tax-Exempt water revenue refunding bonds (Put Bonds)

Proposed Financing

- Approximately \$400M to \$450M
 - All or a portion of four swaps terminated, termination payments approximately \$60M
 - Multiple series of variable rate revenue bonds will be refunded
 - Present value savings: \$1.0M to \$4.0M
 - Cost certainty to Metropolitan

Appendix A

- Significant updates include:
 - SWP allocation reduced to 65% for 2012
 - Developments in litigation
 - Board adopted biennial budget for fiscal years 2012/13 and 2013/14
 - Board adopted water rates and charges for 2013 and 2014
 - Population estimate adjusted for 2010 census

Options for Consideration

● Option #1

Adopt the CEQA determination and

- Approve the draft Official Statements with changes approved by the General Manager and General Counsel;
- Authorize the General Manager, or designee of the Ad Hoc Committee, to execute the Official Statements;
- Authorize distribution of the Official Statements in connection with issuance of the bonds; and
- Authorize the Ad Hoc Committee or its designee to approve and the Chief Financial Officer to execute amendment and termination of interest rate swaps (in whole or in part) related to the subject refunding.

Options for Consideration

● Option #2

Adopt the CEQA determination and

- Approve the draft Official Statements as modified by the Board, with changes approved by the General Manager and General Counsel;
- Authorize the General Manager, or designee of the Ad Hoc Committee, to execute the Official Statements;
- Authorize distribution of the Official Statements in connection with issuance of the bonds; and
- Authorize the Ad Hoc Committee or its designee to approve and the Chief Financial Officer to execute amendment and termination of interest rate swaps (in whole or in part) related to the subject refunding.

Staff Recommendation

- Option #1



Questions?