



- Board of Directors
Finance and Insurance Committee

12/10/2013 Board Meeting

8-1

Subject

Authorize the execution and distribution of Remarketing Statements in connection with the remarketing of the Water Revenue Refunding Bonds (Index Mode), 2011 Series A-1/A-3 and 2009 Series A-2

Executive Summary

Metropolitan currently plans to remarket the 2011 Series A-1 and A-3 Bonds in late December 2013 and the 2009 Series A-2 Bonds in February 2014. This board letter provides the draft Remarketing Statements for review by the Board and authorization for the General Manager, or other designee of the Ad Hoc Committee, to finalize and execute. Following board review and approval, staff will finalize the Remarketing Statements, working with bond counsel, counsel for the remarketing agent, and the applicable remarketing agent for electronic distribution to potential investors.

Details

2011 Series A-1/A-3 Bonds. Metropolitan's Water Revenue Refunding Bonds (Index Mode), 2011 Series A-1 and A-3, in the aggregate principal amount of \$128,875,000, are two of eight series of Metropolitan's variable rate bonds that bear interest at a rate equal to the Securities Industry and Financial Markets Association (SIFMA) Index Rate for the specified interest period, plus a spread. The spread has been and will be reset through the remarketing of the Bonds on a tender date selected by Metropolitan that is after the applicable Call Protection Date and before the Scheduled Mandatory Tender Date. Bonds that are not remarketed on an optional tender date selected by Metropolitan are subject to mandatory tender and purchase on the Scheduled Mandatory Tender Date. Tender and remarketing of the Bonds sets a new Call Protection Date and Scheduled Mandatory Tender Date.

The 2011 Series A-1 and A-3 Bonds were issued on June 2, 2011. The Call Protection Date for the 2011 Series A-1 and A-3 Bonds was August 15, 2013. These bonds are subject to optional tender and remarketing on a tender date selected by Metropolitan until February 11, 2014, the Scheduled Mandatory Tender Date.

2009 Series A-2 Bonds. Metropolitan's Water Revenue Refunding Bonds (Index Mode), 2009 Series A-2, in the aggregate principal amount of \$104,180,000, also bear interest at a rate equal to the SIFMA Index Rate for the specified interest period, plus a spread that will be reset through the remarketing of the Bonds on a tender date selected by Metropolitan, as described above. The 2009 Series A-2 Bonds were issued on May 20, 2009. The Call Protection Date for the 2009 Series A-2 Bonds was September 21, 2013. These bonds are subject to optional tender and remarketing on a tender date selected by Metropolitan until March 24, 2014, their Scheduled Mandatory Tender Date.

Remarketing Statements. Metropolitan currently plans to remarket the 2011 Series A-1 and A-3 Bonds in late December 2013 and the 2009 Series A-2 Bonds in February 2014, subject to changes in market conditions. The attached draft Remarketing Statement is provided for review by the Board and authorization for the General Manager, or other designee of the Ad Hoc Committee, to finalize and execute. The body of the attached draft Remarketing Statement (Attachment 1) describes the 2011 Series A-1 and A-3 Bonds and the 2009 Series A-2 Bonds, which have similar terms. Following board review and approval, staff will finalize the Remarketing

Statement for each series of Bonds to be remarketed, working with bond counsel, counsel for the remarketing agent, and the applicable remarketing agent. Staff will then electronically distribute each Remarketing Statement to potential investors to provide them with material information concerning the marketing of the applicable series of Bonds, including information concerning the financial and operating condition of Metropolitan, to assist potential investors in their investment decisions concerning such Bonds.

The body of the draft Remarketing Statement (**Attachment 1**) primarily describes the terms of the Bonds, the remarketing of the Bonds, security and sources of payment and financial information related to the Bonds. Appendix A to the draft Remarketing Statement (**Attachment 2**) contains information about Metropolitan's water supply, water delivery system, capital investment plan, governance and management, historical and projected revenues and expenditures, and power sources and costs. Appendix B is Metropolitan's most recent audited financial statements, which are available at <http://mwdh2o.com/mwdh2o/pages/finance/finance01.html>, "Annual Financial Report 2012-13: Basic Financial Statements. Other appendices summarize the authorizing resolutions, describe the book-entry system for registration of the Bonds, provide demographic and economic information about Metropolitan's service area, and provide copies of the bond counsel opinion and continuing disclosure undertaking. (Appendices C through G are in **Attachment 3**.) Appendices A and E will be updated to describe material events that occur after distribution of this letter and before the 2011 A-1 and A-3 Remarketing Statement is published. The 2009 A-2 Remarketing Statement will incorporate by reference Appendices A, B, C, D and E used in the 2011 A-1 and A-3 Remarketing Statement disseminated to potential investors in the 2011 Series A-1 and A-3 Bonds. Any material updates will be disclosed in a "Recent Developments" section in the 2009 A-2 Remarketing Statement.

The final Remarketing Statements will be posted on the Finance page of Metropolitan's external website and on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

This board review and authorization of the Remarketing Statements may be extended to offering statements for other water revenue bond issues and remarketings pursuant to Resolution 8329, as amended and supplemented, that are issued within a reasonable time frame.

Policy

Metropolitan Water District Act §§ 237, 290 Resolution 8329, dated July 9, 1991, as amended and supplemented (Master Resolution for Water Revenue Bonds and Water Revenue Refunding Bonds)

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination for Options #1 and #2 is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is exempt and

- a. Approve the draft Remarketing Statements (**Attachments 1, 2 and 3**) substantially in the form attached to this board letter, with changes approved by the General Manager and General Counsel;
- b. Authorize the General Manager to execute the Remarketing Statements; and
- c. Authorize distribution of the Remarketing Statements in connection with remarketing and marketing of the related Bonds.

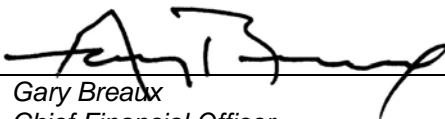
Option #2

Adopt the CEQA determination and

- a. Approve the draft Remarketing Statements (**Attachments 1, 2 and 3**) substantially in the form attached to this board letter as modified by the Board, with changes approved by the General Manager and General Counsel;
- b. Authorize the General Manager to execute the Remarketing Statements; and
- c. Authorize distribution of the Remarketing Statements in connection with remarketing and marketing of the related Bonds.

Staff Recommendation

Option #1

	11/25/2013
_____ Gary Breaux Chief Financial Officer	Date

	11/25/2013
_____ Marcia Scully General Counsel	Date

**Attachment 1 – Draft Remarketing Statement for 2011 Series A-1 and A-3 Bonds
and 2009 Series A-2 Bonds**

Attachment 2 – Draft Appendix A

Attachment 3 – Draft Appendices C through G