Approve and Authorize Execution and Distribution of: Official Statement for Waterworks General Obligation Refunding Bonds, 2014 Series A Remarketing Statements for Water Revenue Refunding Bonds, 2011 Series A-1/A-3 and 2009 Series A-2

Finance and Insurance Committee

Item 8-2

November 17, 2014

Proposed Transactions

- Waterworks General Obligation Refunding Bonds, 2014 Series A
  - Proceeds to refund $54,435,000 Waterworks General Obligation Refunding Bonds, 2005 Series A: Bonds due March 1, 2016-March 1, 2021
  - Pricing scheduled for December 2, 2014
  - Projected Net Present Value savings: $5.2 million
- Water Revenue Refunding Bonds, 2011 Series A-1 and 2011 Series A-3
  - SIFMA Index Mode - Remarketing scheduled for December 5, 2014
- Water Revenue Refunding Bonds, 2009 Series A-2
  - SIFMA Index Mode - Remarketing scheduled for January 9, 2015

Metropolitan is Responsible for the Content of its Offering Statements

- Must take reasonable care to assure each Offering Statement does not contain an untrue statement of a material fact or omit to state a material fact
- "Material fact" is one that a reasonable investor would consider important in deciding whether to purchase the bonds

Responsibilities of The Board of Directors

- Receive reports on financings
- Receive and review draft Offering Statements
- Take steps to assure that material financial and operating issues are properly disclosed; including:
  - Ask questions about the process staff has gone through to ensure disclosure of material facts
  - Provide comments and ask questions about material facts

Official Statement Describes the Bonds

- Terms of the bonds
- Security and sources of payment
- Risks that may affect payment
- Revenues and debt service obligations
- Appendices

Appendix A

- Significant updates since April 2014 include:
  - Updated Drought Response Actions
  - Updated water supply conditions and storage
  - Updated revenues, expenditures and water sales
  - Updated CIP projects, expenditures, projections
  - Increases to conservation budget

Options for Consideration

- Option #1

  Adopt the CEQA determination and

  - Approve the draft Official Statement and Remarketing Statements with changes approved by the General Manager and General Counsel;
  - Authorize the General Manager to execute the Official Statement and Remarketing Statements; and
  - Authorize distribution of the Official Statement and Remarketing Statements in connection with marketing and remarketing of the bonds.

Options for Consideration

- Option #2

  Adopt the CEQA determination and

  - Approve the draft Official Statement and Remarketing Statements as modified by the Board, with changes approved by the General Manager and General Counsel;
  - Authorize the General Manager to execute the Official Statement and Remarketing Statements; and
  - Authorize distribution of the Official Statement and Remarketing Statements in connection with the marketing and remarketing of the bonds.

Staff Recommendation

- Option #1

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928

Questions?