

WEST BASIN MUNICIPAL WATER DISTRICT

OCTOBER 16, 2003 - Finance

Little, Kwan

OCTOBER 27, 2003 - Board Meeting

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Submitted by: Margaret Moggia

Approved by: Darryl G. Miller

ACTION CALENDAR

RESOLUTION NO. 10-03-796REFUNDING OF WEST BASIN MUNICIPAL WATER DISTRICT'S  
1997BC AND 1999AB ADJUSTABLE RATE REVENUE CERTIFICATES OF PARTICIPATION BONDS  
IN THE FORM OF WEST BASIN FINANCING CORPORATION  
ADJUSTABLE RATE REVENUE CERTIFICATES OF PARTICIPATION,  
PRELIMINARY OFFICIAL STATEMENT AND OTHER DOCUMENTSSUMMARY:

In September 2003, the Board held a Special Board meeting to discuss converting the 1997BC and 1999AB Variable Rate Debt Obligations to Auction Rate Securities. The total amount of variable rate debt to be issued as adjustable rate revenue "Certificate of Participations" through the West Basin Financing Corporation (WBFC) is not-to-exceed \$149,500,000.

The attached resolution approves the execution and delivery of certain documents on behalf of West Basin Municipal Water District (WBMWD) to refund the 1997BC and 1999AB adjustable rate revenue certificates of participation bonds through the WBFC. The documents include a trust agreement; an installment purchase agreement; the purchase contract with the underwriter; an escrow agreement; and a continuing disclosure certificate. The resolution also authorizes the preparation of information for inclusion in the Preliminary Official Statement related to the refunding obligations and certain other matters.

An overview of the legal documents referred to in the resolution are as follows:

Trust Agreement: Creates a trust account between Union Bank, the WBMWD and the WBFC. It is set up to protect the bondholders, which allows Union Bank to hold, invest, and disburse the certificate proceeds and installment payments in accordance with the direction of WBMWD.

Installment Purchase Agreement: An agreement between the WBMWD and the WBFC that indicates WBMWD will pay WBFC an amount sufficient to pay the certificates of participation and includes the bond covenants.

Escrow Agreement: Creates an escrow account for holding, investing, and disbursing the bond proceeds for paying the debt service on the outstanding bonds.

Purchase Agreement: Provides that the underwriter, subject to certain conditions, will purchase the certificates and resell them to investors

Continuing Disclosure Certificate: An agreement of WBMWD to continue to disclose any significant event that would materially effect WBMWD's operations, financial results, or ability to repay the adjustable rate revenue certificates of participation and to file an annual disclosure report.

Preliminary Official Statement: A public disclosure document that describes the nature of the District's business, financial position, operating procedures, historic results, and forecasts.

FISCAL IMPACTS:

The currently proposed refunding of the 1997BC and 1999AB Adjustable Rate Revenue Certificates of Participation Bonds will reduce the overall cost to the District.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on October 16, 2003 and recommended approval of the legal documents at the October 27, 2003 Board meeting. A Special Finance Committee meeting was scheduled for October 24, 2003 at 11:00 a.m. to review the recommendation for a new insurer.

RECOMMENDED MOTION: That the Board:

1. Approves, adopts, and authorizes the President to sign Resolution No. 10-03-796, "A RESOLUTION OF THE WEST BASIN MUNICIPAL WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT-TO-EXCEED \$149,500,000 ADJUSTABLE RATE REVENUE CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS".
2. Approves the recommended insurer for converting the 1997BC and 1999AB variable rate debt obligations to Auction Rate Securities.

EXHIBITS:

Exhibit "A" - Resolution 10-03-796

The Exhibits Listed below are included under separate cover from the Board Packet

- Exhibit "B" - Trust Agreement
- Exhibit "C" - Installment Purchase Agreement
- Exhibit "D" - Escrow Agreement
- Exhibit "E" - Purchase Agreement
- Exhibit "F" - Continuing Disclosure Certificate
- Exhibit "G" - Preliminary Official Statement

AGENDA NO. \_\_\_\_