



**WEST BASIN MUNICIPAL WATER DISTRICT**  
17140 S. Avalon Blvd., Suite 210  
Carson, CA 90746

**AGENDA NO. 11**

**NOVEMBER 24, 2008 – Regular Board**  
Prepared by: Margaret Moggia  
Submitted by: Margaret Moggia  
Approved by: Rich Nagel

## ACTION CALENDAR

WEST BASIN MUNICIPAL WATER DISTRICT RESOLUTION 11-08-880  
AMENDMENT NO. 1 TO TRUST AGREEMENT WITH  
RESPECT TO ADJUSTABLE RATE REFUNDING REVENUE  
CERTIFICATES OF PARTICIPATION

### SUMMARY:

The financial market is seeing unprecedented times. Currently, West Basin has approximately \$295 million in debt outstanding. While most of the debt is fixed rate, we do have exposure to approximately \$38 million in variable rate debt. The total amount of variable rate debt is issued through the West Basin Financing Corporation. This variable debt is remarketed weekly and swapped monthly to a fixed rate with its counterparty, Citigroup.

As discussed at the October 15, 2008 Special Board meeting, the variable rates have risen in recent weeks largely due to the uncertainty in the financial market. In addition, approximately half of the bonds are considered bank bonds as they have been unable to be remarketed and the rates are currently at the maximum rate of 12%. To hedge against the impact of the higher rate on the bank bonds, the Board approved amending the Investment Policy to allow purchasing these municipal bonds. At the Board meeting on October 27, 2008, the Board was provided an update by West Basin's financial consultant and bond counsel regarding the process to implement the purchase of our own bonds.

The attached resolution approves the execution and delivery of certain documents on behalf of West Basin Municipal Water District (WBMWD) to amend the trust agreement and the standby certificate purchase agreement allowing for West Basin to purchase its own bonds.

### STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 8, Finance – Manage finances to optimize the public's investment return and minimize risk.

### COMMITMENT STATEMENT:

Sound Financial and Resource Management – West Basin is committed to efficient business operations, financial planning and asset management.

FISCAL IMPACTS:

To hedge the risk of the bank bonds that are currently at 12%, West Basin anticipates to purchase the bank bonds and hold only until these bonds are able to be remarketed to another investor. West Basin may not hold bonds longer than five (5) years.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

Due to additional information requiring clarification, this item was referred to the Regular Board Meeting on November 24, 2008.

RECOMMENDED MOTION:

That the Board of Directors approves, adopts and authorizes the President to sign Resolution 11-08-880 "RESOLUTION OF THE WEST BASIN MUNICIPAL WATER DISTRICT APPROVING THE EXECUTION AND DELIVERY OF AMENDMENT NO. 1 TO TRUST AGREEMENT WITH RESPECT TO ADJUSTABLE RATE REFUNDING REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2008A AND THE FIRST AMENDMENT TO STANDBY CERTIFICATE PURCHASE AGREEMENT, APPROVING AN AMENDMENT TO INVESTMENT POLICY AND CERTAIN OTHER MATTERS IN CONNECTION THEREWITH"

LIST OF EXHIBITS:

- Exhibit "A" – Resolution 11-08-880
- Exhibit "B" – Amendment No. 1 to Trust Agreement
- Exhibit "C" - First Amendment to Standby Certificate Purchase Agreement
- Exhibit "D" – District Investment Policy
- Exhibit "E" – Event Notice