



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

AGENDA NO. 31

MAY 20, 2010 – Finance
Smith (Chair), Dear
JUNE 1, 2010 – Board Meeting
Prepared by: Margaret Moggia
Submitted by: Margaret Moggia
Approved by: Rich Nagel

ACTION CALENDAR

ADOPT RESOLUTION 6-10-923 ADJUSTABLE RATE REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2010A

At the February 2010 Finance Committee, staff presented a Debt Financing Plan to support the capital efforts to increase the use of recycled water and add ocean-water desalination to achieve Water Reliability 2020. The presentation described the near-term capital projects, the long-term and interim financing vehicles available and the credit rating considerations for West Basin Municipal Water District (West Basin) to finance Water Reliability 2020. As West Basin anticipates spending several million dollars towards various capital projects like the Phase V Expansion, LADWP, along with a few other projects, staff recommended proceeding forward with the establishment of a Commercial Paper Program that allows West Basin to draw funds, as needed.

At the March 2010 Finance Committee, West Basin's financial advisor shared results of the solicitation for facility providers required to establish a Commercial Paper Program, and shared that U.S. Bank National Association provided West Basin the most cost-effective pricing. Over the past month, the financing team consisting of West Basin counsel, bond counsel, financial advisor and staff have worked with US Bank National Association to develop the appropriate bond documents for the Board to review and approve.

The attached resolution approves the execution and delivery of certain documents on behalf of West Basin to authorize the execution for a Commercial Paper Program. An overview of the legal documents referred to in the resolution is as follows:

Installment Purchase Agreement: An agreement between West Basin and the West Basin Financing Corporation (WBFC) that indicates West Basin will pay WBFC an amount sufficient to pay the Certificates of Participation and includes the bond covenants.

Trust Agreement: Creates a trust account between Union Bank (the trustee), West Basin 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 the West Basin.

Certificate Purchase Agreement: Provides that the facility provider, subject to certain conditions, will purchase the certificates.

The cost associated with establishing the Commercial Paper Program are described in Exhibit "E" and will be funded through the Commercial Paper Program. The \$200,000 represents estimated costs for the financial advisor (PRAG), bond counsel (SYCR), bank counsel fee and expenses (US Bank), trustee fee (US Bank), and other costs associated for the refunding.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 4: Sound Financial and Resources Management – West Basin is committed to efficient business operations, financial planning, and asset management.

FISCAL IMPACTS:

Financing costs for the Commercial Paper Program are included in the Fiscal Year 2009-10 Finance and Support Services Budget.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on May 20, 2010 and recommended for approval at the June 1, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board:

1. Approves, adopts and authorizes the President to sign Resolution 6-10-923 "RESOLUTION OF THE WEST BASIN MUNICIPAL WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF NOT TO EXCEED \$50,000,000 ADJUSTABLE RATE REFUNDING REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2010A OUTSTANDING AT ANY TIME AND APPROVING THE EXECUTION AND DELIVERY AND CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH"; and
2. Approves the cost of issuance of \$200,000 for the establishment of a Commercial Paper Program.

LIST OF EXHIBITS:

Exhibit "A" – Resolution 6-10-923
Exhibit "B" – Installment Purchase Agreement
Exhibit "C" – Trust Agreement
Exhibit "D" – Certificate Purchase Agreement
Exhibit "E" – Cost of Issuance Schedule