



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

**AGENDA NO. 23**

**OCTOBER 15, 2010 – Finance**  
Smith(Chair), Dear  
**OCTOBER 25, 2010 – Board Meeting**  
Prepared by: Mary-Ann Rexroad  
Submitted by: Margaret Moggia  
Approved by: Rich Nagel

## ACTION CALENDAR

### SWAP POLICY

#### SUMMARY:

Staff has been developing a Swap Policy to guide West Basin Municipal Water District (West Basin) to establish parameters and provide guidance as to the future use, negotiation, execution, management, and reporting on interest rate swaps and related instruments. In developing this policy, staff reviewed swap policies from many other public agencies and worked with district counsel, bond counsel and its financial advisor. In September 2010, staff presented a draft Swap Policy to the Finance Committee for review. During the review, several items were noted by the Committee for staff to further review and make appropriate additions and/or changes in the draft swap policy.

The attached draft Swap Policy includes the following key sections: Authority, Purpose, Evaluation of Proposed Transactions, Qualified Swap Counterparties, Counterparty Termination Exposure, Termination and Assignment Provisions, Term and Notional Amount of Swap Agreement, Form of Swap Agreements, Collateral Requirements, Amendment or Assignment of Swap Transactions or Swap Agreement, Reporting Requirements, and Definitions.

Rating agencies look favorably on entities that have adopted applicable financial policies. West Basin staff recommends that the attached Swap Policy (Exhibit "A") be adopted by the Board.

#### 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:

Adoption of a Swap Policy will guide West Basin to protect and enhance its credit ratings.

#### ENVIRONMENTAL COMPLIANCE:

Not applicable.

#### COMMITTEE STATUS:

This item was reviewed by the Finance Committee on October 15, 2010 and recommended for approval at the October 25, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board approves the West Basin Municipal Water District Swap Policy and adopts Resolution No. 10-10-935 "A RESOLUTION OF THE BOARD OF DIRECTORS OF WEST BASIN MUNICIPAL WATER DISTRICT AMENDING RESOLUTION NO. 06-07-859 (ADMINISTRATIVE CODE) AS IT RELATES TO THE DISTRICT'S SWAP POLICY."

LIST OF EXHIBITS:

Exhibit "A" – Swap Policy

Exhibit "B" – Resolution No. 10-10-935

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