

CENTRAL BASIN MUNICIPAL WATER DISTRICT **JANUARY 11, 2006 – Finance**
Hawkins, No Quorum
JANUARY 23, 2006 - Board Meeting
Prepared by: Margaret Moggia
Submitted by: Margaret Moggia
Approved by: Art Aguilar/Rich Nagel

INFORMATION CALENDAR

2007 FORWARD INTEREST RATE SWAP TRANSACTION

SUMMARY:

In November 2005, the Board approved proceeding with the 2007A Refunding transaction through the execution of a forward interest rate swap. The Swap Resolution stated that the following criteria must be met:

- Notional amount of the interest rate swap is equal-to or less-than \$25,000,000;
- Term of the interest rate swap does not extend beyond August 1, 2022;
- The fixed interest rate payable by the District on the notional amount of the interest rate swap is not greater than 4.25% per annum for the term of the interest rate swap and prior to execution of the Confirmation; and
- District shall receive a written fair market opinion letter from the Financial Advisor with respect to the final interest rate swap transaction.

On Wednesday, December 7, 2005, the District executed a fixed interest rate swap of 3.35% on a notional amount of \$19,825,000 with a termination date of August 1, 2021. The District's financial advisor, Public Financial Management, provided a written fair market opinion.

FISCAL IMPACTS:

The fixed interest rate swap assumes net present value savings of approximately \$1.3 million or 6% savings.

ENVIRONMENTAL COMPLIANCE:

None.

COMMITTEE STATUS:

This item was not reviewed by the Finance Committee on January 11, 2006 due to a lack of quorum. Director Hawkins suggested this item be agendized to the January 23, 2006 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.