



Finance and Asset Management Committee

Financing Overview for Bond Issuance (SB450)

Item 6a

August 20, 2024

Item 6b
SB 450

Subject

Financing overview for Bond Issuance (SB 450)

Purpose

To inform the Board of Key Estimated Financial Metrics for Metropolitan's upcoming bond financing

Next Steps

Execute Financing and report back to the Board on summary results

SB 450 Reporting Mandate

- SB 450 Requirements
- Subordinate Water Revenue Refunding Bonds, 2024 Series C
- Subordinate Water Revenue Refunding Bonds, 2024 Series D

SB 450 Requirements

- In October 2017, an approved state act (SB 450) added Section 5852.1 to the California Government Code
- Requires that an authorized governing body obtain a good faith estimate of and disclose at a public meeting (prior to issuance of bonds greater than 13 months in term), the following:
 - The TIC (true interest cost) of the bonds
 - The finance charge of the bonds (cost of issuance)
 - Net proceeds (par + premium – discount – COI)
 - Total bond payments to maturity (total debt service) + COI (not paid from bond proceeds)

\$211.0 million Water Revenue and Refunding Bonds, 2024 Series C

- During the week of September 2, 2024, Metropolitan will price the bonds on its Senior Lien to refund up to two series of outstanding water revenue debt totaling up to \$166.5 million, fund new money project costs, and fund costs of issuance.
- The purpose of the 2024C financing is to convert certain short-term obligations to long-term debt obligations and finance new money project costs.
- The transaction will close on September 19, 2024.

**\$211.0 million
Water Revenue
and Refunding
Bonds, 2024
Series C**

SB 450 Requirements:

1. Net Proceeds: \$243.8 million
2. The estimated all-in true interest costs of the bonds: 3.43%
3. The estimated average life of the bonds: 12.8 years
4. The estimated debt service on the bonds: \$346.5 million
5. The estimated financing costs of the bonds: \$ 679 thousand

**\$150.0 million
Variable Rate
Subordinate
Water Revenue
Refunding
Bonds, 2024
Series D**

- During the week of September 16, 2024, Metropolitan will price the bonds on its Subordinate Lien to refund one series of outstanding water revenue debt totaling up to \$149.5 million and fund costs of issuance.
- The purpose of the 2024D financing is to convert certain short-term note obligations to long-term variable rate debt obligations.
- The transaction will close on September 19, 2024.

**\$150.0 million
Variable Rate
Subordinate
Water Revenue
Refunding
Bonds, 2024
Series D**

SB 450 Requirements:

1. Net Proceeds: \$149.5 million
2. The estimated all-in true interest costs of the bonds: 2.27%
3. The estimated average life of the bonds: 26.0 years
4. The estimated debt service on the bonds: \$237.6 million
5. The estimated financing costs of the bonds: \$ 495 thousand

