



Finance, Affordability, Asset Management, and
Efficiency Committee

Bond Financing Overview (SB 450)

Item 6c

November 18, 2025

Item 6c

Overview of Bond Issuance SB (450)

Purpose

Describe the requirements of California Senate Bill 450 and the upcoming bond financing.

Fiscal Impact

The total debt service cost of the proposed bond issue is estimated to be \$237.5 million, through FY 2048 using our budget tax-exempt variable rate assumption of 2.25%. On an annual basis, we anticipate that debt service will be lowered because of the conversion of a significant portion of the refunded bonds from taxable to tax-exempt rates.

Budgeted

The debt service costs are included in the current Biennium Budget and will be included in future budgets to be adopted by the Board.

Overview of Bond Issuance SB (450)

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)

**\$184.2
million
Special Variable
Rate Water
Revenue
Refunding Bonds,
Series 2025B**

Proposed Bond Issuance

- On December 18, 2025, Metropolitan will issue approximately \$184.2 million of, variable rate, Special Variable Rate Water Revenue Refunding Bonds, Series 2025B.
- Refunding Bond proceeds will refund \$184.2 million of outstanding variable rate debt.
 - Special Variable Rate Water Revenue Refunding Bonds, 2022 Series C bonds
 - Special Variable Rate Water Revenue Refunding Bonds, 2016 Series B-2, and
 - Water Revenue Bonds 2017 Authorization Series A
- Both the 2016 Series B-2 and 2017 Series A have standby bond purchase agreements expiring in January 2026.
- The Series 2025B Bonds will have a standby bond purchase agreement provided by PNC Bank, NA.

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Estimated SB 450 Requirements for Proposed Bond Issuance

- The TIC (true interest cost) of the bonds = 2.28%
- The finance charge of the bonds (cost of issuance) = \$840,225
- Net proceeds (par + premium – discount – COI) = \$184.2 million
- Total bond payments to maturity (total debt service) + COI (not paid from bond proceeds) = \$238.3 million

