



Finance, Affordability, Asset Management,
and Efficiency Committee Meeting

Approve and Authorize the Distribution
of Appendix A for Use in the Issuance
and Remarketing of Metropolitan Bonds

Item 7-5

May 13, 2025

Item 7-5

Summary

Subject

Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan bonds

Purpose

Update and approve Metropolitan's financial disclosure for use in connection with upcoming bond issuances.

Recommendation and Fiscal Impact

Staff recommends approval in order to proceed with implementation of various plans of finance that require an offering document.

Approval will enable Metropolitan to undertake bond issuances and remarketing to meet the District's commitments for existing debt obligations, including mandatory tenders, in the most cost-effective manner in the current market.

Appendix A is a Key Component of Metropolitan's Bond Disclosure

Finance staff anticipates approximately \$310 million in long-term debt issuance in the Early Summer of 2025

- Provides Investors of Metropolitan's Bonds with Material Information
- Enables, as part of a deemed final POS, the Active Pre-Marketing Period to obtain broad investor interest
- Two bond issues expected to close in July 2025
 - 2025 Series A - a fixed-rate refunding bond
 - AVEK JPA 2025 Series A - a combination of fixed-rate and multi-modal refunding and new money bonds
 - Preliminary OS distributions: (1) in late May 2025, for pricing of the 2025 Series A in early June 2025; and (2) in mid June 2025 for pricing of the AVEK JPA 2025 Series A in late June 2025

In this update, staff added language on Metropolitan's wildfire risk management response and an overview of Metropolitan's risk exposure to grants

Appendix A describes a 360-degree view of Metropolitan

- Service Area
- Governance and Management
- Sources of Water Supply and Current Conditions
- Capital Projects and Expenditures
- Revenues, Expenses and Long-term Obligations
- Litigation and Legislation

Our process follows regulatory guidance and industry best practice; and MWD engages both in-house and external expertise to meet our disclosure obligations

Appendix A Update Process Involves a Broad Constituency

- Disclosure Working Group
 - Treasury Debt Manager, as lead for Finance
 - Legal
 - Disclosure Counsel
- Broader Metropolitan Staff Review
- Executive Management Review
- Board Review and Approval

Board Review and Approval Process

The Board is routinely provided updates (or reports) on various topics addressed in Appendix A

- Receive Periodic Management Reports
- Receive Board Training
- Review Draft Appendix A
- Material Fact
 - information that a reasonable investor would consider important when determining whether to buy or sell securities.
- Proper Disclosure - May NOT
 - Contain an untrue statement of a material fact
 - Omit material facts

The entire
Appendix A was
reviewed and
updated

Appendix A Update Highlights

- Redline of Changes since last Board Approval Provided as an Attachment to the Board Letter
- Significant Updates Since November 2024 include:
 - Water Supply Conditions
 - Conservation and Water Shortage Measures
 - Litigation
 - Metropolitan's Water Delivery System
 - Metropolitan's Finances (FY 2024/25 Q2)

Future Updates to Appendix A

- Biannual Updates
 - Unless there are no financial transactions
- Interim Updates
 - Material changes will be provided to the Board for review and comment

Appendix A is not a static document, and requires constant review to ensure we meet our disclosure obligations

Appendix A is
required to execute
the bond financings
anticipated in
CY 2025

Board Options for Consideration

- Option #1
 - Approve the draft of Appendix A (Attachment I) attached to the board letter;
 - Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A; and
 - Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale or remarketing of bonds.

Board Options for Consideration

Metropolitan will not be able to issue bonds to fund board approved projects or refund outstanding bonds if Appendix A is not approved

- Option #2
 - Do not approve the draft Appendix A document

Staff Recommendation

- Option #1

