



Finance and Asset Management Committee

# Financing Overview for Bond Issuance (SB 450)

Item 6b

April 9, 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
- Water Revenue Refunding Bonds, 2024 Series A

## 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)

**\$360.5 million  
Water Revenue  
Refunding  
Bonds, 2024  
Series A**

- During the week of April 22, 2024, Metropolitan will price the bonds on its Senior Lien to refund three outstanding obligations of approximately \$427.4 million, and fund costs of issuance.
- The purpose of the 2024A financing is to manage the requirements of Metropolitan's debt portfolio, including meeting certain mandatory tender requirements and converting certain short-term obligations to long-term debt obligations.
- Transaction expected to close on May 8, 2024.

**\$360.5 million  
Water Revenue  
Refunding  
Bonds, 2024  
Series A**

**SB 450 Requirements:**

1. Net Proceeds: \$427.4 million, includes \$69 million in premium
2. The estimated all-in true interest costs of the bonds: 2.88%
3. The estimated average life of the bonds: 10.4 years
4. The estimated debt service on the bonds: \$550.0 million
5. The estimated financing costs of the bonds: \$1.8 million



