



Special Finance, Affordability, Asset Management and  
Efficiency Committee

# Finance and Administration Group Activities Report

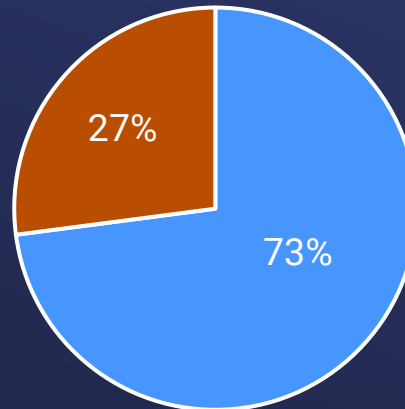
Item 7a  
June 23, 2025

# Metropolitan Debt Portfolio Overview

## MWD Debt Portfolio Key Statistics

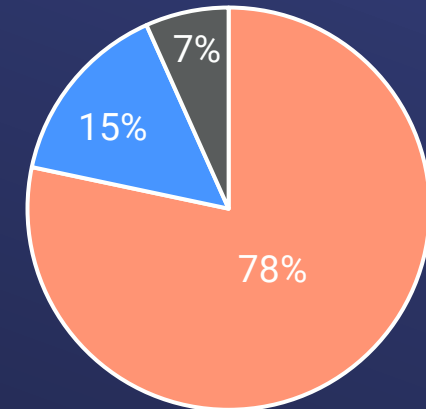
- As of June 10, MWD has approximately \$4.076 billion in bonds outstanding
- MWD will also have approximately \$272.9 million in fixed payor interest rate swaps outstanding

Debt Portfolio by Lien



■ Senior Lien ■ Subordinate Lien

Debt Portfolio by Type



■ Fixed Rate ■ Variable Rate ■ Synthetically Fixed

## Metropolitan Anticipates Selling Four Series of Bonds in CY 2025

# 2025 Borrowing Needs

- Series 2025A Bonds being issued to refund all of the Series 2022C-1 VRDBs, converting them from taxable VRDBs to tax-exempt fixed rate bonds
- Shortly after the 2025A Bonds, Metropolitan anticipates two series of new money bonds for the Antelope Valley – East Kern (AVEK) High Desert Water Bank Program for a par amount of \$177.9 million
- Metropolitan anticipates issuing the Series 2025B Refunding Bonds to refund the Series 2022C-2 Bonds (\$134.6 million outstanding) later in CY 2025

## Series 2025A Overview

### 2025A Senior Lien Refunding Bonds

- Water Revenue Refunding Bonds, 2025 Series A
  - Senior lien refunding bonds; tax-exempt fixed rate
  - Refunding of:
    - \$147,650,000 outstanding principal of Special Variable Rate Water Revenue Refunding Bonds 2022 Series C-1
  - No debt service reserve fund
  - Expected closing July 1, 2025
  - Municipal Advisors: PFM Financial Advisors LLC

# Bond Ratings are an Essential Component of Investor Credit Review

## Metropolitan Bond Credit Ratings

- As a part of our debt issuance process, we seek bond credit ratings from one or more nationally recognized credit rating agencies
- Depending on the bond issue, Metropolitan will have ratings from
  - Standard & Poor's (S&P)
  - Moody's
  - Fitch
- Current rating review in conjunction with the sale of Water Revenue Refunding Bonds, 2025 Series A

# Metropolitan's Current Bond Ratings Affirmed

Rating Agency	Metropolitan Lien and Mode	Rating Assigned	Rating Outlook	
<b>S&amp;P Global Ratings</b>	General Obligation Bonds	AAA (highest)	Stable	<b>Confirmed May 30, 2025</b>
	Senior Lien – Long-Term Bonds	AAA (highest)	Stable	
	Subordinate Lien – Long-Term Bonds	AA+	Stable	
	Short-Term Obligations – Senior and Subordinate Liens	A-1+ (highest)	Stable	
<b>Moody's Ratings</b>	General Obligation Bonds	Aaa (highest)	Stable	<b>Confirmed June 2, 2025</b>
	Senior Lien	Aa1	Stable	
<b>Fitch Ratings</b>	General Obligation Bonds (2014A)	AAA (highest)	Stable	<b>Pending</b>
	Senior Lien and Subordinate Lien	AA+	Stable	
	Short-Term Obligations	F1+ (highest)	Stable	

# Key Credit Rating Highlights: S&P

Rating Agency	Rating Rationale	Rating Upgrade Factors	Rating Downgrade Factors
<b>S&amp;P Global Ratings</b>  <b>AAA (Senior Lien)</b>	<ul style="list-style-type: none"> <li>District's comprehensive resource planning, well-defined risk management practices and financial policies are cornerstone to its credit quality</li> <li>Management's prudent approach to mitigating the short and long-term credit risk associated with Climate Change and related impacts to water supply and demands</li> <li>District's ability to maintain steady financial metrics despite variability in water sales is a key credit strength</li> <li>Strategic importance of District to both its large member base and broad service area economy. Diverse water sources and ample water storage are additional credit strengths.</li> </ul>	Not Applicable	<p>Not continuing emergency measures to bolster interconnections between SWP-dependent areas to infrastructure that would provide access to other supplies</p> <p>Not adjusting rates to maintain consistently strong financial performance</p> <p>Material underperformance to forecast</p> <p>District's policies and practices no longer support strong liquidity and DSC levels</p>



# Key Credit Rating Highlights: Moody's

Rating Agency	Rating Rationale	Rating Upgrade Factors	Rating Downgrade Factors
<b>Moody's Ratings</b>  <b>Aa1 (Senior Lien)</b>	<ul style="list-style-type: none"> <li>• Indispensable water wholesaler to expansive service area</li> <li>• Lowest-priced alternatives for water supplies in the region</li> <li>• Effective rate setting strategies and willingness to raise rates</li> <li>• Extensive, multi-year planning and investment ensures variable water supplies meet long-term demand and provides for flexibility to meet changing conditions</li> </ul>	<p>Additions to drought hardened supplies and system redundancy at state/local level</p> <p>Sustained DSC closer to 2.00x and reduced volatility in DSC . Maintain days' cash at around 365 days</p>	<p>Continued drought conditions that strain supplies, stored water</p> <p>Weakened financial performance in DSC and liquidity. Increased capital costs that drive weakened financials and water affordability</p>
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# Questions



