



Finance and Asset Management Committee

# Financing Overview for Bond Issuance (SB450)

Item 6a

May 14, 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 B

## 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)

**\$253.5 million  
Subordinate  
Water Revenue  
Refunding  
Bonds, 2024  
Series B**

- During the weeks of June 3, 2024, and June 10, 2024 Metropolitan will price the 2024 Series B bonds on its Subordinate Lien to repay and redeem certain outstanding short-term notes, and fund costs of issuance.
- The transaction is expected to close on June 12, 2024.
- SB 450 Requirements:
  1. Net Proceeds: \$270.9 million, includes \$18.5 million in premium
  2. The estimated all-in true interest costs of the bonds: 3.23%
  3. The estimated average life of the bonds: 14.7 years
  4. The estimated debt service on the bonds: \$392.9 million
  5. The estimated financing costs of the bonds: \$1.1 million
- All estimates reflect rates and market conditions as of April 29, 2024

