



## Special Board of Directors Meeting

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

Item # 7-1

May 24, 2022

Finance staff  
anticipates  
over \$500  
million in debt  
issuance in  
2022

## Appendix A is a key component of Metropolitan's Bond Disclosure

- On May 9, 2022, the Board was provided training on disclosure responsibilities related to Appendix A
- Four Bond Issuances Anticipated in 2022
  - The first financing is a refunding that is interest rate sensitive; significant market volatility
  - Preliminary OS distributed on or before June 13<sup>th</sup>, for pricing on June 22<sup>nd</sup>
- Provides Investors Material Information
- Enables Active Pre-Marketing Period to obtain broad investor interest

# Appendix A describes a 360-degree view of Metropolitan

Appendix A  
provides a  
comprehensive  
description 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, 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 Management staff
  - 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 Reports
- Receive Board Training
- Review Draft Appendix A
- Proper Disclosure - May NOT
  - Contain an untrue statement of a material fact
  - Omit material facts

The entire  
Appendix A was  
reviewed and  
updated, including  
a couple of new  
sections and  
significant updates  
to others

## Appendix A Update Highlights

- Significant Updates Since May 2021 include:
  - Water Supply Conditions
  - Environmental Social Governance (ESG)
  - State Audit
  - Litigation

# 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 2022

## Board Options for Consideration

- Option #1
  - Approve the draft 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  
refund any  
outstanding bonds  
or issue bonds to  
fund board  
approved projects  
if Appendix A is not  
approved

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



# Questions

