



Special Board Meeting

# Financing Overview for Bond Issuance (SB450)

Item 7a

May 24, 2022

# SB 450 Reporting Mandate

- SB 450 Requirements
- Water Revenue Refunding Bonds, 2022 Series

## 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)

## \$282.8 million Water Revenue Refunding Bonds, 2022 Series A

- As soon as the week of June 20, 2022, Metropolitan will price the bonds on its Senior Lien to refund up to five series of outstanding water revenue debt totaling up to \$429.0 million, and fund costs of issuance.
- The current economically refundable bonds are projected to provide net present value debt service savings of approximately \$35.7 million, or 11.3% of refunded debt, reflecting rates as of May 12th.
- The transaction will close on July 13, 2022.
- SB 450 Requirements:
  1. Net Proceeds: \$316.9 million, includes \$34 million in premium
  2. The estimated all-in true interest costs of the bonds: 3.11%
  3. The estimated average life of the bonds: 7.5 years
  4. The estimated debt service on the bonds: \$386.9 million
  5. The estimated financing costs of the bonds: \$1.0 million

