



Finance and Insurance Committee

Financing Overview for Bond Issuance (SB450)

Item 6b

June 13, 2022

SB 450 Reporting Mandate

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

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)

\$249.75 million Water Revenue Refunding Bonds, 2022 Series B

- During the week of July 11, 2022, Metropolitan will price fixed rate revenue bonds on its Senior Lien to fully, and partially, refund up to six series of outstanding variable rate revenue bonds totaling \$286.28 million,⁽¹⁾ and fund costs of issuance.
- In aggregate with 2022 Series C, the current economically refundable bonds are projected to provide net present value debt service savings of approximately \$25.76 million, or 9.63% of refunded debt,^(2,3) reflecting rates as of June 1st.
- The transaction is expected to close on August 1, 2022.
- SB 450 Requirements:
 1. Net Proceeds: \$285.04 million, includes \$36.28 million in premium
 2. The estimated all-in true interest cost of the bonds: 2.73%
 3. The estimated average life of the bonds: 9.31 years
 4. The estimated debt service on the bonds: \$354.33 million
 5. The estimated financing costs of the bonds: \$500,000

(1) Preliminary, subject to market conditions.

(2) NPV savings (%) based on par amount of fixed rate refunded bonds only.

(3) MWD plans to refund portions of the 2022C bonds on the respective call dates of the 2015 Authorization Series A and 2016 Series A bonds with tax-exempt variable rate bonds. Currently, the expected total NPV savings (\$) and (%) incorporate this assumption.

\$286.28 million Water Revenue Refunding Bonds, 2022 Series C

- During the week of July 25, 2022, Metropolitan will price taxable, variable rate, revenue bonds on its Senior Lien to advance refund two series of outstanding fixed rate revenue bonds totaling \$267.42 million,⁽¹⁾ and fund costs of issuance.
- In aggregate with 2022 Series B, the current economically refundable bonds are projected to provide net present value debt service savings of approximately \$25.76 million, or 9.63% of refunded debt,^(2,3) reflecting rates as of June 1st.
- The transaction is expected to close on August 1, 2022.
- SB 450 Requirements:
 1. Net Proceeds: \$285.42 million
 2. The estimated all-in true interest costs of the bonds: 2.28%
 3. The estimated average life of the bonds: 14.57 years
 4. The estimated debt service on the bonds: \$380.56 million
 5. The estimated financing costs of the bonds: \$500,000

(1) Preliminary, subject to market conditions.

(2) NPV savings (%) based on par amount of fixed rate refunded bonds only.

(3) MWD plans to refund portions of the 2022C bonds on the respective call dates of the 2015 Authorization Series A and 2016 Series A bonds with tax-exempt variable rate bonds. Currently, the expected total NPV savings (\$) and (%) incorporate this assumption.

