



Finance, Audit, Insurance, and Real Property
Committee

Financing Overview for Bond Issuance (SB450)

Item 7a
March 13, 2023

SB 450 Reporting Mandate

- SB 450 Requirements
- Water Revenue Bonds, 2023 Series
- Water Revenue Refunding Bonds, 2023 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)

\$293.5 million Water Revenue Bonds, 2023 Series

- As soon as the week of April 24, 2023, Metropolitan will price the bonds on its Senior Lien to fund \$330 million of capital project expenditures, and fund costs of issuance.
- The capital project expenditures bond-financed were approved as part of the Adopted Biennium Budget, Fiscal Year 2022/23 and Fiscal Year 2023/24.
- The transaction is expected to close on or around May 4, 2023.
- SB 450 Requirements:
 1. Net Proceeds: \$330 million, includes \$37.7 million in premium
 2. The estimated all-in true interest costs of the bonds: 4.017%
 3. The estimated average life of the bonds: 19.272 years
 4. The estimated debt service on the bonds: \$576.2 million
 5. The estimated financing costs of the bonds: \$1.1 million

\$30.0 million Water Revenue Refunding Bonds, 2023 Series

- As soon as the week of April 24, 2023, Metropolitan will price the bonds on its Senior Lien to fund the prepayment of revolving notes to be issued of approximately \$35.6 million and fund costs of issuance.
- The revolving notes are expected to fund an escrow that defeases \$35.6 million of the 2023 maturity of the 2017B Bonds.
- The transaction is expected to close on or around May 4, 2023.
- SB 450 Requirements:
 1. Net Proceeds: \$35.4 million, includes \$5.5 million in premium
 2. The estimated all-in true interest costs of the bonds: 2.427%
 3. The estimated average life of the bonds: 7.666 years
 4. The estimated debt service on the bonds: \$41.5 million
 5. The estimated financing costs of the bonds: \$114,919

