



Finance, Audit, Insurance and Real Property Committee

CFO Report

Item 8a

June 13, 2023

2023 Series A Bonds

Bond Financing Team

*Finance wants to thank the
underwriting team members
and various Metropolitan staff
who contributed to the
successful pricing.*

Bond Financing Team

- The underwriting syndicate was led by a California-based MWBE investment bank.

| Firm | Role |
|-------------------------------------|--------------------|
| Siebert Williams Shank | Senior Manager |
| Ramirez & Co, Inc. | Co-Senior Manager |
| Cabrera Capital | Co-Manager |
| Barclays | Co-Manager |
| Public Financial Management, Inc. | Municipal Advisor |
| Hawkins Delafield & Wood LLP | Bond Counsel |
| Stradling Yocca Carlson & Rauth LLP | Disclosure Counsel |

2023 Series A Bonds

CIP Projections

*\$600 million total capital
expenditures approved for FY
2022/23 & 2023/24 Budget*

Adopted Budget – CIP

- The FY 2022/23 & 2023/24 Adopted Budget included \$600 million in total capital expenditures.
- Approximately \$300 million each fiscal year consisting of both PAYGO (\$135 million per year) and new money bond proceeds (\$330 million in FY 2022/23).
- Issued \$257 million in bond proceeds based on current spend to meet our anticipated needs.

2023 Series A Bonds

Transaction Summary

While the closing of the District's bonds is scheduled for June 21st, the pricing terms have been set as of June 6th.

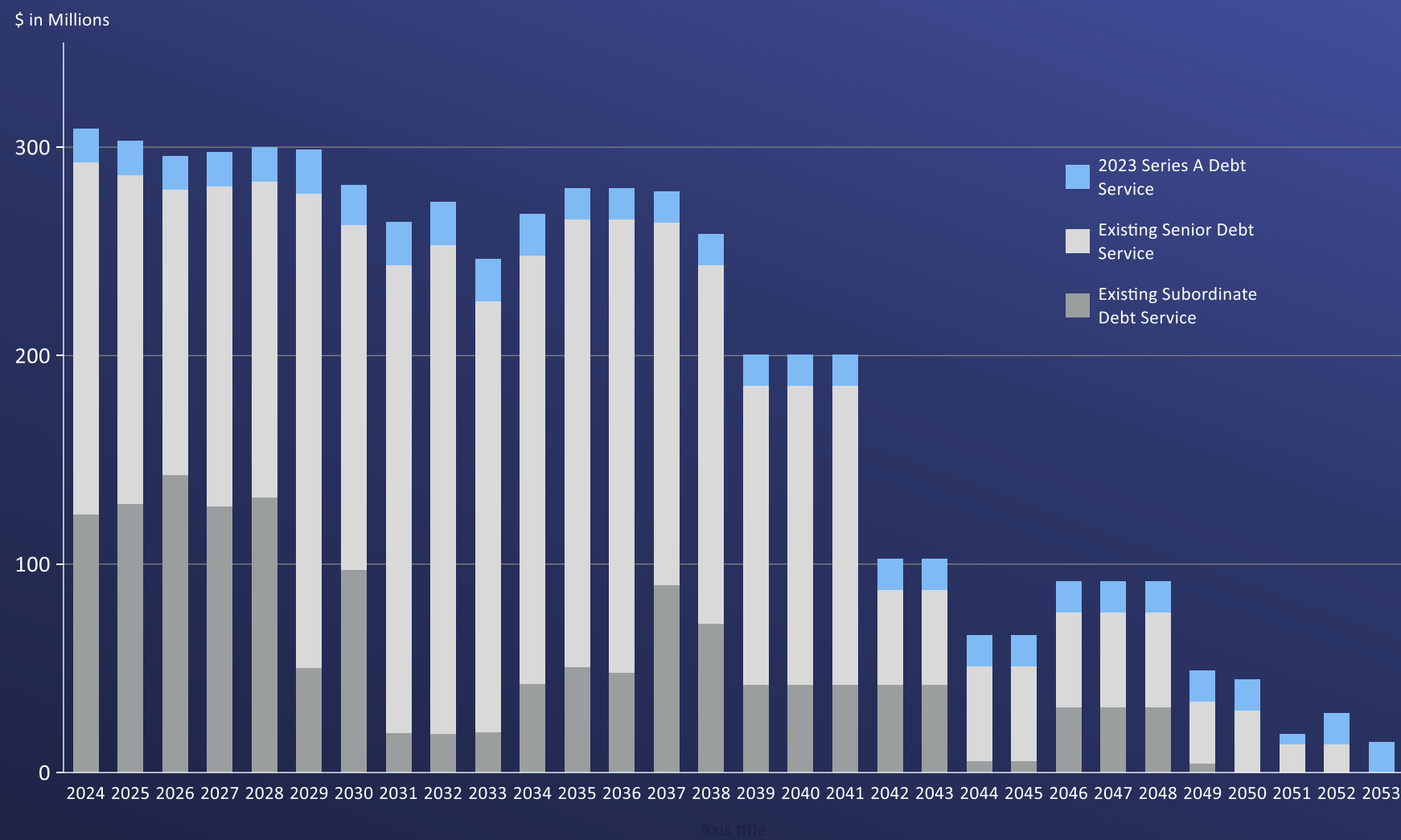
Metropolitan's Bond Pricing

- On Tuesday, June 6th, the Metropolitan Water District of Southern California priced \$258,410,000 of Water Revenue and Refunding Bonds, 2023 Series A
- The bonds were issued with an **All-In True Interest Cost of 3.88%** and has an average life of 17.4 years
 - In March 2023, staff reported out a good-faith estimated True Interest Cost of 4.017%.
- Compared to other recent utility bond sales, MWD priced **8 to 29 basis points better**.
- During the order period, **\$874 million** in institutional orders from **49 different investors** were submitted, including orders from **13 potential new investors**
- Overall, the transaction was **3.3x oversubscribed**

Metropolitan's Debt Profile with the 2023 Series A Bonds

2023 Series A Bonds

Projected FY Annual Debt Service by Lien



2023 Series A Bonds

Rating Agency Highlights

*Even though Metropolitan
has strong fundamentals
supporting its credit, future
credit challenges exist.*

Credit Rating Considerations

- The Bonds were rated **AAA from S&P** and **Aa1 from Moody's** with Stable outlooks. Key credit challenges identified by Moody's/S&P include:
 - Variable water supplies that will remain vulnerable to climate change
 - Worsening drought conditions that could reduce available supplies or deplete stored water levels
 - Increased capital costs required to meet future supply or environmental requirements that significantly weaken financial performance or water affordability
 - Weakened debt service coverage or liquidity (rate capacity and/or unrestricted reserves)



Questions

