Finance, Affordability, Asset Management, and Efficiency Committee

Adopt Ordinance No. 153—Determining that the interests of Metropolitan require the use of Revenue Bonds in the aggregate principal amount of $500 million to finance a portion of Capital Expenditures, and waive the full reading of Ordinance No. 153 (two-thirds vote of the Board)

Item 8-3
October 13, 2026
Presented by: Sam Smalls

Item #8-3
Adopt Ordinance No. 153

Subject
Adopt Ordinance No. 153—Determining that the interests of Metropolitan require the use of Revenue Bonds in the aggregate principal amount of $500 million to finance a portion of Capital Expenditures, and waive the full reading of Ordinance No. 153 (two-thirds vote of the Board)

Purpose
Finance through the issuance of long-term debt, a portion of critical capital expenditures that exceed ordinary annual revenues.

Immediate Board Action
Yes. This item follows last month's introduction of Ordinance No. 153, required by Metropolitan's Act, as a condition to issue long-term revenue bond debt obligations.

Fiscal Impact
Debt financing for Metropolitan's CIP is an important budget assumption, so the Board's action to adopt Ordinance No. 153 is critical to maintaining a balanced budget.

Legal & Policy Framework

- The Board has the authority to issue revenue bonds through the MWD Act Section 237 (Revenue Bond Purposes) & 1974 voter authorization for long-term revenue bonds.
- The adoption of an Ordinance authorizes the use of revenue bonds, generally, to finance Metropolitan's CIP. This authorization is required for "new money" issuances, not refundings.
- The Board retains approval over the issuance of specific series of bonds through the adoption of subsequent resolutions establishing their respective terms.
- Metropolitan's budget sets the policy framework for how it intends to fund expenditures over the biennium.

Ordinance Authorization Limit

- Because Ordinance 152 does not have enough remaining authorization to cover the amount of new money bonds required under the Adopted Budget, staff is bringing for your approval a new Ordinance (Ordinance 153).
- Staff is recommending an authorization amount of $500 million in Ordinance 153 to cover the debt contemplated in the current biennium.

Ordinance No. 153

- **Authorization:** Not-to-exceed $500,000,000 aggregate principal amount of revenue bonds.
- **Relationship to Ordinance 152:** Of the prior $500 million authorization, $302.3 million has been issued and $197.7 million remains. Ordinance 153 adds ~$292.3M of new capacity plus ~$207.7M for future years.
- **Funding Need:** FY 2026/27–2027/28 capital expenditures total ~$1.025B; approximately 48% is anticipated to be debt-funded (~$490M in bonds needed for the biennium).
- **Adoption:** requires two-thirds (2/3) of the total vote of the Board to adopt.

Sequence of Board Actions

1. **September 2026:** Introduced Ordinance No. 153 by reading title only (per MWD Act Section 64).
2. **October 2026:** Board consideration to waive full reading, vote on necessity of revenue bonds ($500M cap), and adopt Ordinance No. 153.
3. **Future Steps:** Separate Board approval and resolutions required prior to any specific bond issuance under this and/or prior Ordinances, including the separate resolutions for the 2026 Series A and Series B bonds being considered under items 8-4 and 8-5.

Board Options

- Option #1

  Adopt Ordinance No. 153, determining that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of $500 million to finance a portion of Metropolitan's capital expenditures and waive the full reading of Ordinance No. 153 (two-thirds vote of the Board) (Attachment 1.)

- Option #2

  Do not adopt Ordinance No. 153

Bond Ordinance 153

Staff Recommendation

- Option #1

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928