Finance, Affordability, Asset Management, and Efficiency Committee

Adopt the Fifth Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $300 million of Variable Rate Subordinate Water Revenue Bonds, 2026 Series B; providing the terms and conditions for the sale and issuance of the Bonds and related transaction documents; and approve expenditures to fund the costs of issuance of the Bonds

Item 8-5
October 13, 2026
Presented by: Sam Smalls

Item #8-5
Adopt 5th Supplemental Subordinate Resolution

Subject

Adopt the Fifth Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $300 million of Variable Rate Subordinate Water Revenue Bonds, 2026 Series B; providing the terms and conditions for the sale and issuance of the Bonds and related transaction documents; and approve expenditures to fund the costs of issuance of the Bonds

Purpose

Finance a portion of the costs of acquisition, construction and improvements to the Water System through variable rate subordinate debt.

Immediate Board Action

Yes. Following adoption of Ordinance No. 153, the resolution sets the terms of the 2026B Bonds and approves the related transaction documents, authorizes the issuance of the 2026B Bonds and delegates approval of final terms and related transaction documents to the Ad Hoc Committee or its designee. Requires a majority vote.

Fiscal Impact

Implements the debt financing assumed in the adopted budget. Debt service is payable solely from Net Operating Revenues on a subordinate basis; issuance counts against Ordinance 153.

Key Terms of the Resolution

- **Authorization:** Not-to-exceed $300,000,000 Variable Rate Subordinate Water Revenue Bonds, 2026 Series B, under Master Subordinate Resolution 9199.
- **Use of Proceeds:** Water System capital costs (2026B Construction Fund) and costs of issuance.
- **Security:** Subordinate lien on Net Operating Revenues; tax-exempt.
- **Structure:** Variable rate bonds subject to optional and mandatory tender and redemption per the Transaction Documents; may be supported by bank liquidity or credit agreements Expected initially to bear interest at weekly reset rates, with liquidity support under a standby bond purchase agreement with JPMorgan Chase Bank, N.A.
- **Delegation:** Negotiated sale led by JP Morgan Securities and Ramirez and Co.; Ad Hoc Committee approves final principal amount, terms, Trust Agreement, Bank and Sales Documents, and remarketing agreements.

Board Options

Option #1

- Adopt the Fifth Supplemental Subordinate Resolution to the Master Subordinate Resolution authorizing the issuance of up to $300 million of Variable Rate Subordinate Water Revenue Bonds, 2026 Series B, and providing the terms and conditions for the sale and issuance of the Bonds and related transaction documents; and
- Approve approximately $0.8 million for the payment of the costs of issuance of the 2026B Bonds to be paid from bond proceeds or Metropolitan funds.

Option #2

- Do not adopt the Fifth Supplemental Subordinate Resolution to the Master Subordinate Resolution

Fifth Supplemental Resolution

Staff Recommendation

- Option #1

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928