Finance, Affordability, Asset Management, and Efficiency Committee

Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's Bonds

Item 8-6
October 13, 2026
Presented by: Sam Smalls

Item 8-6
Approve Appendix A

Subject
Approve and authorize the distribution of Appendix A for use in the issuance and remarketing of Metropolitan's Bonds

Purpose
Provide a current securities disclosure document needed as part of Metropolitan's offering statements to support informed investment decisions and competitive pricing. Appendix A supports separately authorized issuances; it does not itself authorize debt.

Immediate Board Action
Yes. Appendix A will be incorporated into the offering statements for two issuances of up to $900 million (up to $600M senior; up to $300M subordinate) planned for November 2026.

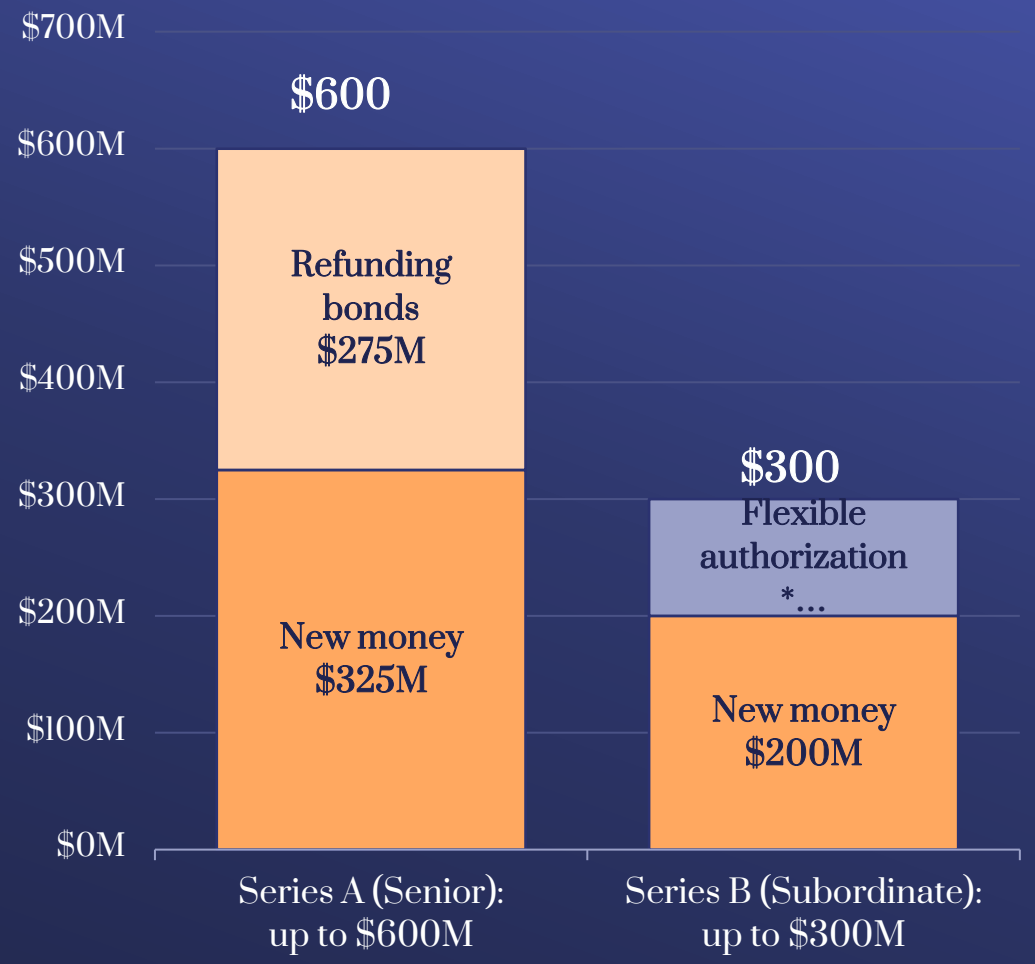
Fiscal Impact
Approval does not authorize any debt issuance or expenditure. Without a current disclosure, Metropolitan would rely on its revolving line of credit, direct placements, or reserves, risking balances below the minimum requirement.

Two Issuances, Up to $900 Million

Appendix A is incorporated into the offering statements for both November 2026 issuances. Without it, Metropolitan has no current disclosure to publicly market these bonds.

- **Up to $600M —** Water Revenue and Refunding Bonds, 2026 Series (Senior, 27th Supplemental Resolution).
- **Up to $300M —** Subordinate Water Revenue Bonds, 2026 Series (5th Supplemental Resolution).

Gating step: Approving Appendix A today is the gating step for a November 2026 market window.



**Flexible authorization: if some components of the Series A pricing is deemed unacceptable. Authorization ceilings, $ millions.*

A Multi-Layer Disclosure Review

1. **Disclosure Working Group:** Finance, General Counsel, and Disclosure Counsel identify needed updates.
2. **Subject-Matter Experts:** Staff update financial, operational, and technical information.
3. **Financing Team:** Underwriters, advisors, and bond counsel review from a market and investor lens.
4. **Board Review:** Directors review and approve the near-final disclosure.

The Board's Responsibility: Rely on the process and professionals — but stay engaged.

- **Oversight:** A reliable process for updating information.
- **Materiality:** Would a reasonable investor consider the information important in making an investment decision?
- **Approval:** An informed decision after careful review — not line-by-line verification.

Source: Appendix A Bond Disclosure Training (Item 10-1) · Metropolitan Water District Disclosure Procedures

Board Options

Option #1

- Approve the draft of Appendix A (**Attachment 1**) attached to this board letter.
- Authorize the General Manager, or other designee of the Ad Hoc Committee, to finalize, with changes approved by the General Manager and General Counsel, Appendix A.
- Authorize distribution of Appendix A, finalized by the General Manager or other designee of the Ad Hoc Committee, in connection with the sale and/or remarketing of bonds.

Option #2

Do not approve Option #1

Appendix A Authorization

Staff Recommendation

- Option #1

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA
1928