



# Review of Metropolitan's Revenue Bond Program

Finance & Insurance Committee  
Item # 6c  
March 9, 2015

# Presentation Overview

- **Review of Revenue Bond Program**
  - Why Does Metropolitan Issue Bonds
  - Authorization and Current Debt Position
  - Variable Rate Bond Portfolio
  - Bond Ratings
  - Projected Debt Service
  - Outstanding Revenue Bonds and Equity
- **Proposed Financings**
  - SIFMA Index Bond Re-Pricings
  - Water Revenue Bond Refundings

# Why Does Metropolitan Issue Bonds ?

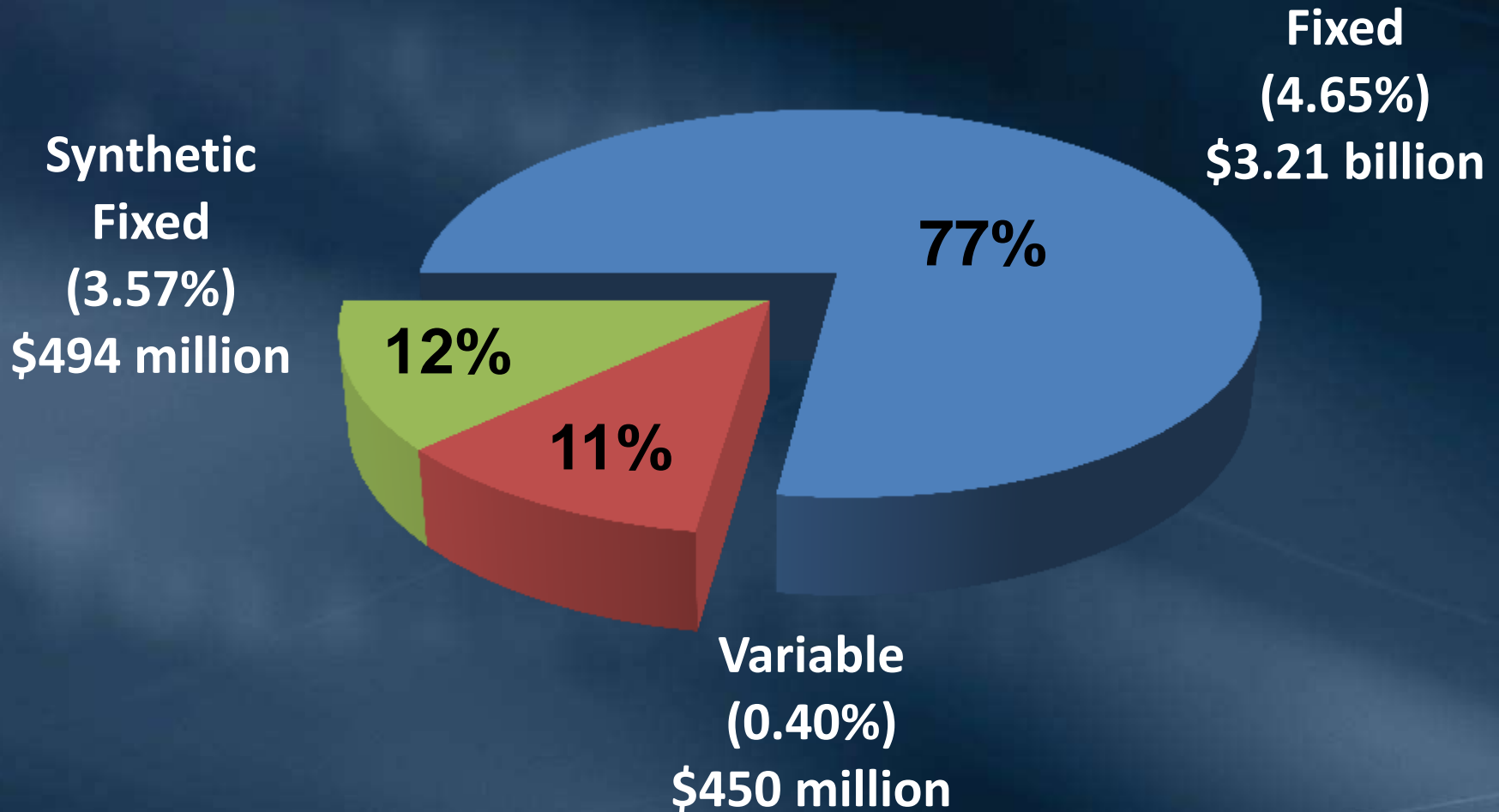
- **Intergenerational Equity**
- **Refinance to take advantage of lower interest rates**
- **Maintain financial flexibility**

# Metropolitan's Bond Authorizations

- The Metropolitan Act
- General Obligation Bonds
  - 1966 Bond Authorization: \$850 million
- Water Revenue Bonds
  - 1974 Bond Authorization
- 1991 Master Revenue Bond Resolution
- Develop new subordinate lien revenue bond resolution

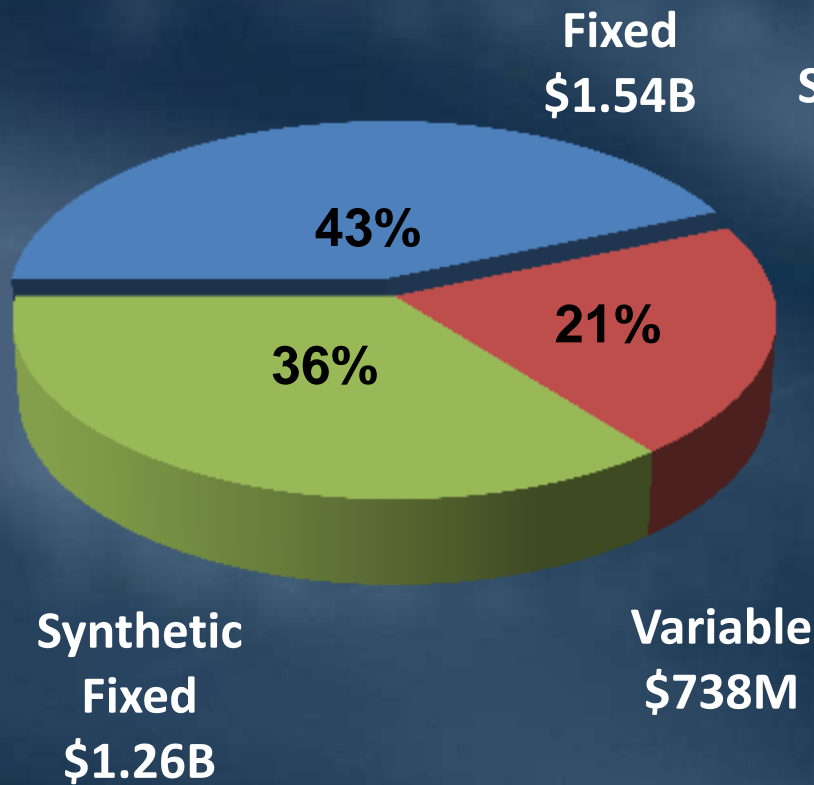
# Revenue Bond Debt Outstanding

**\$4.2 Billion**

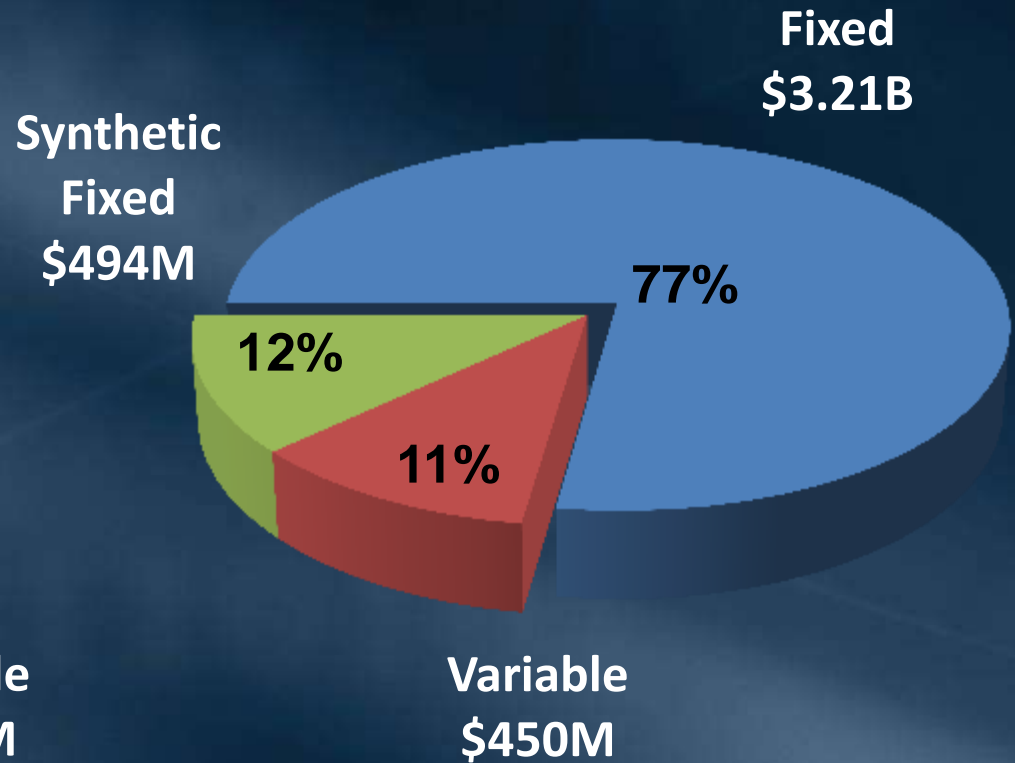


# Revenue Bond Debt Outstanding

June 2006  
\$3.5 Billion

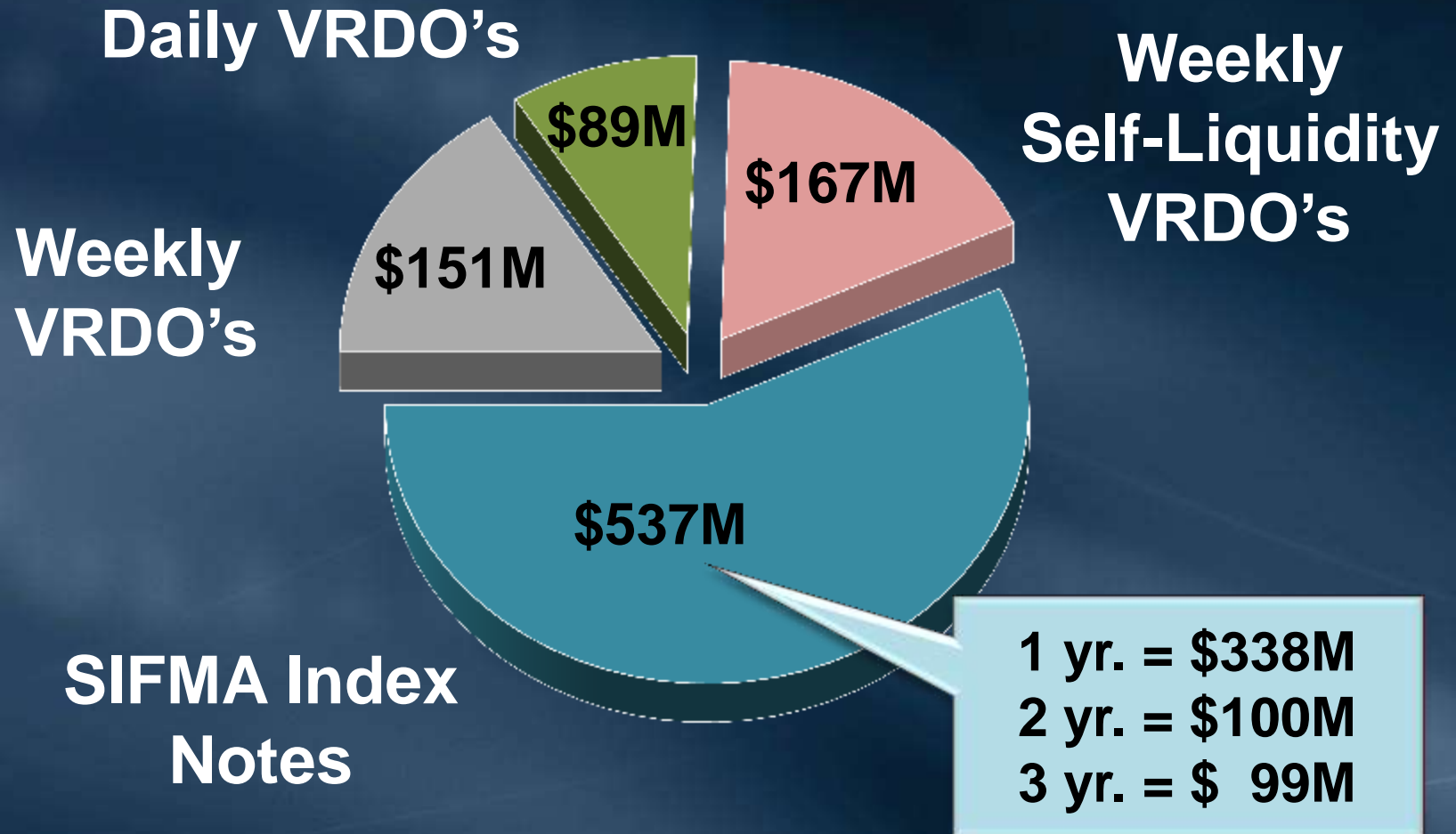


February 2015  
\$4.2 Billion



# Variable Rate Bond Portfolio

\$944 Million



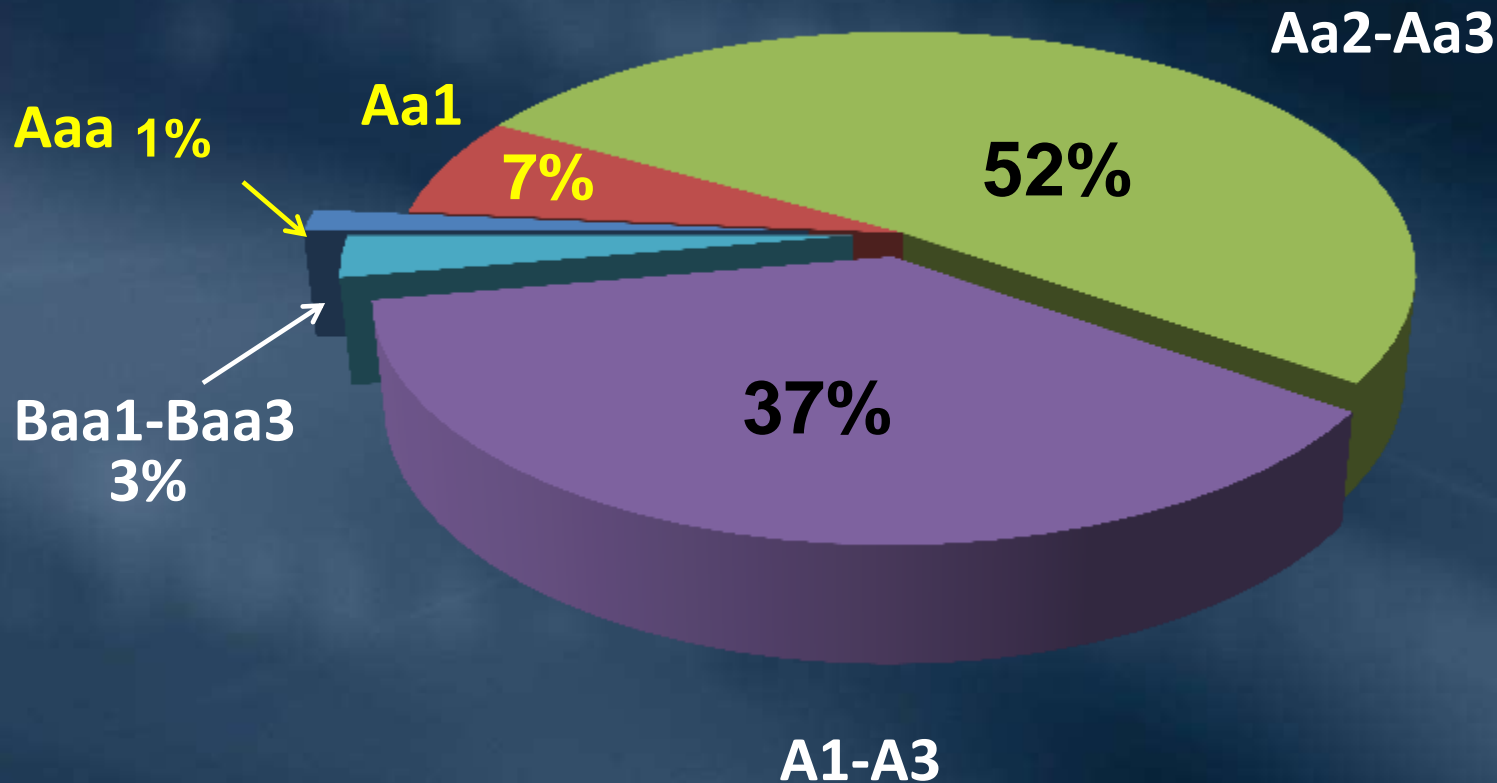
# Rating Agency Investment Grade Ratings

Moody's	Standard and Poor's	Fitch Ratings
Aaa	<u>AAA</u>	AAA
<u>Aa1</u>	AA+	<u>AA+</u>
Aa2	AA	AA
Aa3	AA-	AA-
A1	A+	A+
A2	A	A
A3	A-	A-
Baa1	BBB+	BBB+
Baa2	BBB	BBB
Baa3	BBB-	BBB-



# Municipal Utility Ratings Distribution

## Moody's Investors Service



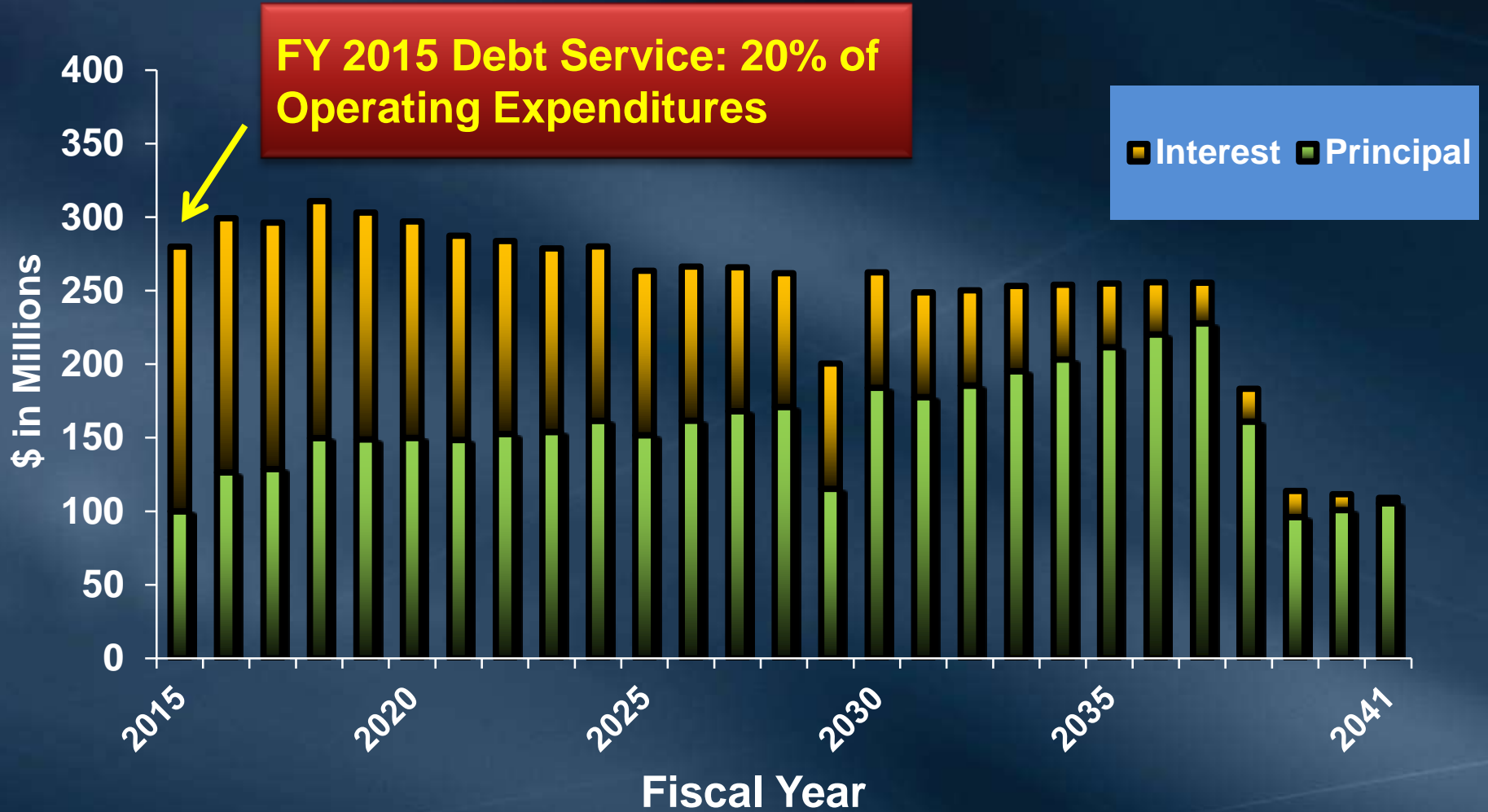
# Basis for Metropolitan's Ratings

- Essential service provider to a large and economically diverse service area
- Strong and experienced management team
- Demonstrated willingness and ability to implement water rate increases
- Well managed financial operations with financial policies, reserve balances, and financial ratios at levels generally consistent with high grade credit ratings
- A record of successfully completing and managing a large and diverse capital program

# Benefits of Strong Credit Rating

- Market access
- Lower financing costs for the capital program
- Greatest ability and flexibility to utilize lower costing financial products (with associated risks)
  - Variable Rate Debt Obligations
  - SIFMA Index Notes
  - Interest Rate Swaps

# Revenue Bond Debt Service Principal and Interest



# Metropolitan's Revenue Bonds

## Amount Outstanding as of June 30

\$ in Millions

\$5,000

\$4,000

\$3,000

\$2,000

\$1,000

\$0

2006

2007

2008

2009

2010

2011

2012

2013

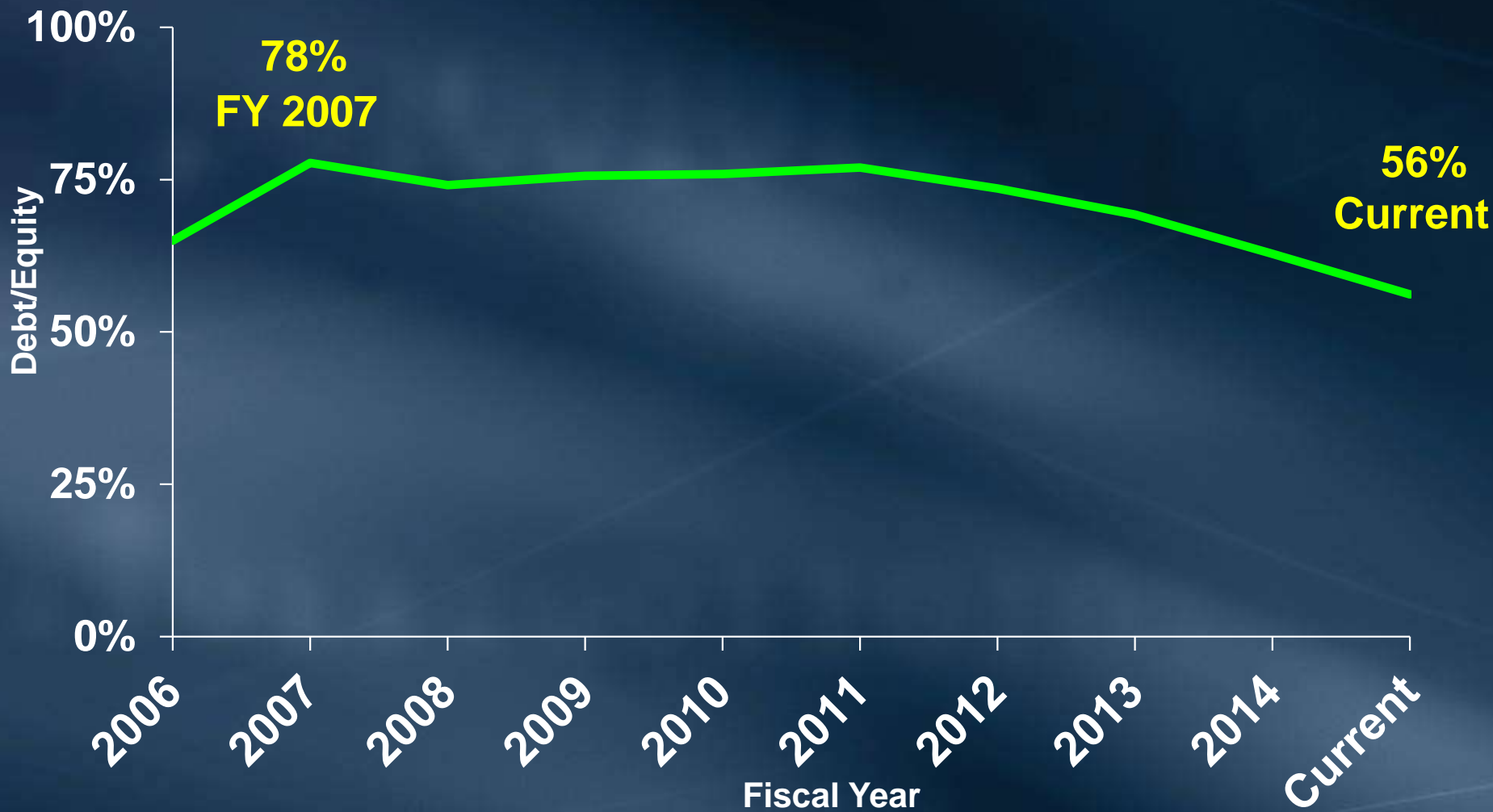
2014 Current

\$3.5B

\$4.7B

\$4.2B

# Metropolitan's Debt-to-Equity Ratio as of June 30



# Proposed Financings

- **SIFMA Note Remarketings: 2015**
  - \$100M 2011A2/A4 (Two Year): March 2015
  - \$98M 2012B1/B2 (Three Year): March 2015
  - \$105M 2013E (270 Days): April-May 2015
- **Projected refunding opportunities**
  - \$70M 2005 Series A and \$125M 2005 Series C
  - \$30M 2012 Series E-2 Water Revenue Refunding Bonds: July 2015
- **No new money planned for CY 2015**





**End of Presentation**