

THE METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

ORDINANCE 151

ORDINANCE OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
DETERMINING THAT THE INTERESTS OF THE DISTRICT REQUIRE THE USE OF
REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$500,000,000 TO
FINANCE A PORTION OF CAPITAL EXPENDITURES

The Board of Directors of the Metropolitan Water District of Southern California (the “Board”) hereby finds that:

1. Pursuant to Chapter 1.6 of Part 5 of the Metropolitan Water District Act (California Statutes 1969, Chapter 209, as amended, hereinafter sometimes referred to as the “Act”), the Board of The Metropolitan Water District of Southern California (the “District”), on March 12, 1974, adopted Ordinance No. 126, calling a special election to be held within the District on June 4, 1974, for the purpose of submitting to the qualified voters of said District the following proposition:

To permit use of long-term bonds backed by water revenues as an alternative to pay-as-you-go financing, shall the Board of Directors of the Metropolitan Water District of Southern California be authorized to issue and sell revenue bonds under Chapter 1.6, Part 5, Metropolitan Water District Act?

2. Said election was duly and regularly held and said proposition received the affirmative vote and assent of a majority of all of the qualified voters of the District voting on said proposition, and therefore the Board is authorized to issue and sell revenue bonds under Chapter 1.6 of Part 5 of the Act.

3. Revenue bonds means bonds, notes, loans or other obligations or evidences of indebtedness, as provided for in the Act and California Government Code.

4. The ability to ensure a reliable supply of high-quality water for the District’s 26 member agencies depends upon the District’s ongoing ability to fund operations and maintenance, maintain and augment local and imported water supplies, fund replacements and refurbish existing infrastructure, and invest in system improvements.


5. Ordinance 150 was adopted by the Board on June 13, 2017, finding that the interests of Metropolitan require the use of revenue bonds in the aggregate principal amount of \$400,000,000 to fund a portion of the District’s capital investment plan expenditures, the cost of which is too great to be paid out of the ordinary annual income and revenue of the District.

6. Of the \$400,000,000 aggregate principal amount of revenue bonds authorized under Ordinance 150, all but \$85.045 million have been issued and the remaining \$85.045 million is anticipated to be issued in fiscal year (FY) 2020/21 to finance a portion of the District's capital expenditures.
7. On April 14, 2020, the Board approved a biennial budget for FY 2020/21 and FY 2021/22, containing capital expenditures of \$200 and \$225 million, respectively, of which 45 percent and 40 percent, respectively, is anticipated to be funded by debt proceeds.
8. On April 14, 2020, the Board approved a ten-year financial forecast for FY 2020/21 through FY 2029/30 (the "Ten-Year Financial Forecast"), forecasting annual capital expenditures of \$200 million for FY 2020/21, \$225 million for FY 2021/22 and increasing to \$300 million in FYs 2022/23 through FY 2029/30, of which some portion of each year is anticipated to be funded by debt proceeds. The Ten-Year Financial Forecast provides an estimated forecast of future capital expenditures.
9. On April 14, 2020, the Board approved the use of \$245 million in operating revenues to partially fund the capital investment plan for FY 2020/21 and FY 2021/22. The capital investment plan identifies the capital priorities of the District for the fiscal years of the adopted budget.
10. In order to fully fund the capital investment plan adopted by the Board on April 14, 2020, \$90 million in revenue bonds would be required in FY 2020/21. To support the issuance of such \$90 million in revenue bonds, a capacity of \$85.045 million under Ordinance 150 is available. This Ordinance would provide support for the remaining balance of approximately \$5 million.
11. Debt financing in future FYs of the Ten-Year Financial Forecast is assumed at amounts ranging from \$90 million to \$120 million per fiscal year.
12. The Board may, from time to time, approve capital expenditures other than or in addition to those contemplated by the capital investment plan at the time of the then current biennial budget.
13. From time to time, capital projects that have been undertaken are delayed, redesigned or deferred by the District for various reasons.
14. This Ordinance would support future board actions for debt financing over several years for capital expenditures approved by the Board as provided in the then current biennial budget, capital investment plan, ten-year financial forecast and as otherwise approved by the Board, which collectively would not exceed \$500,000,000.
15. Using debt to finance a portion of capital expenditures will provide the District with additional financial flexibility to fund capital expenditures that are necessary or convenient to carry out the purposes of the District while mitigating increases in water rates and charges.
16. This Ordinance was introduced at the regular meeting of the Board held on August 18, 2020.

NOW, THEREFORE, the Board of Directors of the District, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

The interests of The Metropolitan Water District of Southern California require the use of revenue bonds in the aggregate principal amount of \$500,000,000 to finance a portion of the District's capital expenditures, the cost of which is too great to be paid out of the ordinary annual income and revenue of the District.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of an Ordinance adopted by a two-thirds (2/3) vote of the total vote of the Board of Directors of The Metropolitan Water District of Southern California at its meeting held on September 15, 2020.


Secretary of the Board of Directors
of the Metropolitan Water District
of Southern California