



# Financing Overview for Bond Issuance (SB 450)

Finance and Insurance Committee

Item 6a

June 7, 2021

# Agenda

- Metropolitan Debt Program Overview
- SB 450 Reporting Mandate

# Metropolitan Debt Overview

Debt Management Activities Update

Statutory Debt Limit

Ratings by Lien

Outstanding Debt and Cashflow

# 2021 YTD Debt Management Activities

	Date (Month/Year)	Purpose	Transaction Details
✓	January 2021	New Money for CIP of Biennial Budget FY21 and FY22	\$188.9 million Water Revenue Bonds, 2021 Series A
✓	April 2021	Remarketing of Short-Term Obligation	\$271.8 million Special Variable Rate Water Revenue Refunding Bonds, 2020 Series B
✓	May 2021	Remarketing of Short-Term Obligation	\$271.2 million Subordinate Water Revenue Refunding Bonds, 2017 Series C, D and E
✓	June 2021	Replacement Standby Bond Purchase Agreements and Remarketing Agent	Special Variable Rate Water Revenue Refunding Bonds, 2018 Series A1/A2 (\$210 million) and 2016 B1/B2 (\$82.9 million)
	June 2021	Refunding – Subordinate Lien	\$223 million Variable Rate Subordinate Water Revenue Refunding Bonds, 2021 Series A (Federally Taxable)
	July 2021	Refunding – Senior Lien	\$117.425 million Water Revenue Refunding Bonds, 2021 Series B

# Statutory Debt Limit

- **Metropolitan's enabling Act limits its indebtedness to 15% of assessed value of all taxable property within Metropolitan's service area**

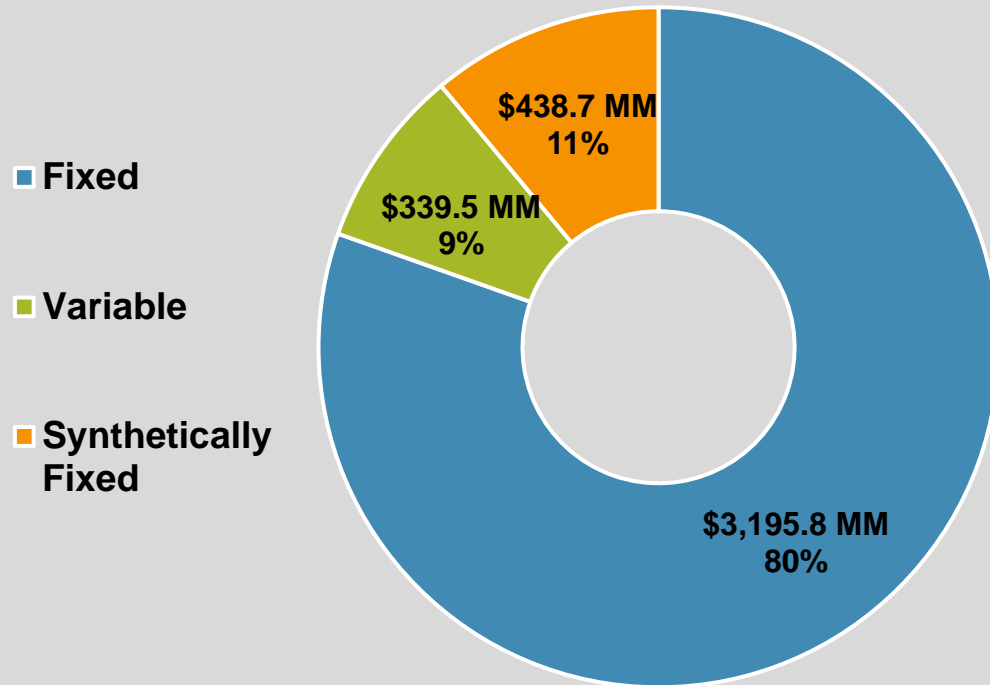
● <b>FY 2022 Estimated Total AV</b>	<b>\$3,263 billion</b>
● <b>Total Outstanding Debt (May 2021)</b>	<b>\$4.021 billion</b>
● <b>Statutory Debt Limit Calculation</b>	<b>0.12%</b>
● <b>Unused Statutory Debt Capacity</b>	<b>\$485.5 billion</b>

# Metropolitan's Bond Ratings

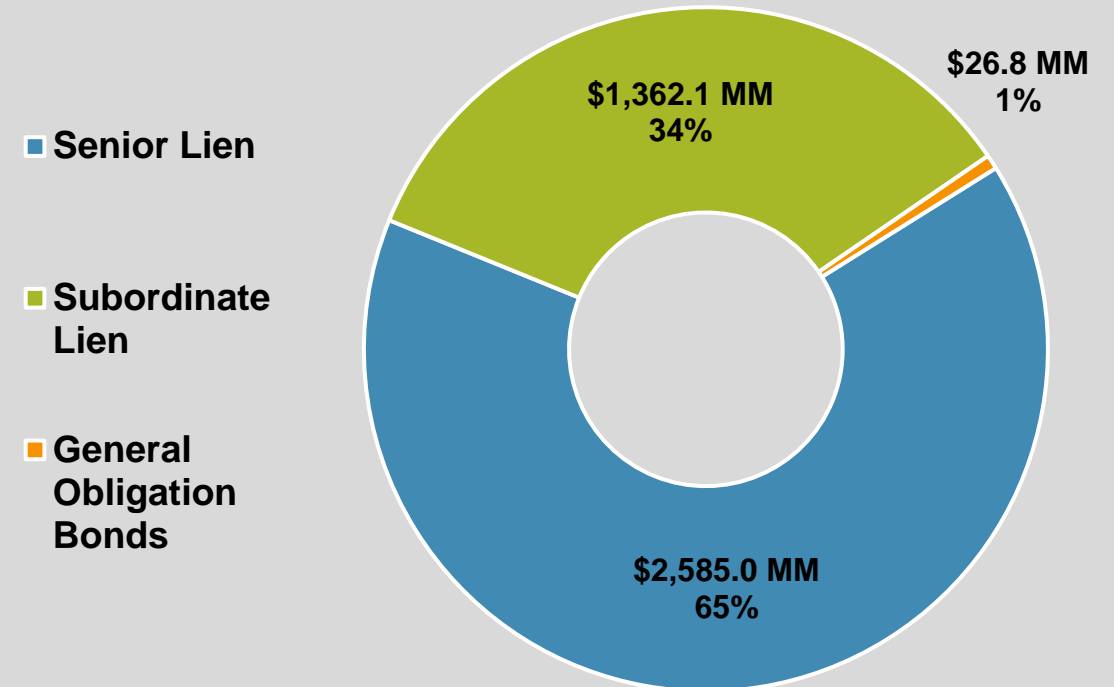
Rating Agency	Metropolitan Lien and Mode	Rating Assigned	Rating Outlook
<b>S&amp;P Global Ratings</b>	General Obligation Bonds	AAA (highest)	Stable
	Senior Lien – Long-Term Bonds	AAA (highest)	Stable
	Subordinate Lien – Long-Term Bonds	AA+	Stable
	Short-Term Obligations – Senior and Subordinate Liens	A-1+ (highest)	Stable
<b>Moody's Ratings</b>	General Obligation Bonds	Aaa (highest)	Stable
	Senior Lien	Aa1	Stable
<b>Fitch Ratings</b>	General Obligation Bonds (2014A)	AA+	Stable
	Senior Lien and Subordinate Lien	AA+	Stable
	Short-Term Obligations	F1+ (highest)	Stable

# Total Outstanding Debt

Total Bond Principal as of May 27, 2021

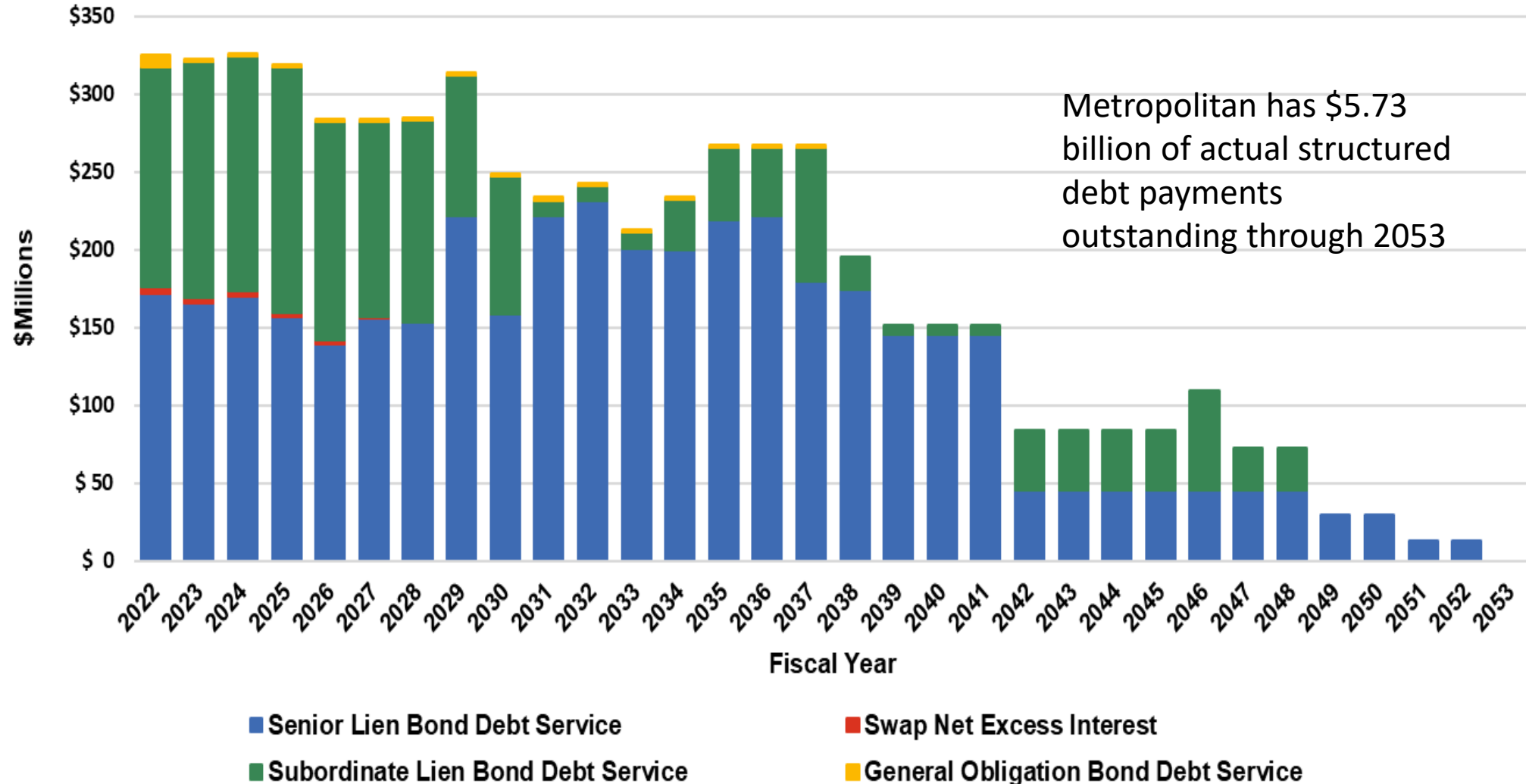


Total Bond Principal as of May 27, 2021



# Total Debt Projected Cashflow

## Total Bond Obligations (Actual)





# SB 450 Reporting Mandate

## SB 450 Requirements

1. Subordinate Water Revenue Refunding Bonds  
2021 Series A (Federally Taxable)
2. Water Revenue Refunding Bonds, 2021 Series B

# SB 450 Requirements

- In October 2017, an approved state act (SB 450) added Section 5852.1 to the California Government Code
- Requires that an authorized governing body obtain a good faith estimate of and disclose at a public meeting (prior to issuance of bonds greater than 13 months in term), the following:
  - The TIC (true interest cost) of the bonds
  - The finance charge of the bonds (cost of issuance)
  - Net proceeds (par + premium – discount – COI)
  - Total bond payments to maturity (total debt service) + COI (not paid from bond proceeds)

# \$223 million Variable Rate

## Sub. Water Revenue Refunding Bonds, 2021 Series A (Federally Taxable)

- On June 15, 2021, Metropolitan will price these bonds to refund:
  - \$175.0 million Subordinate Water Revenue Bonds, 2016 Series A
  - \$46.8 million Short-Term Revenue Refunding Certificates, 2019 Series A, and
  - costs of issuance.

Net Proceeds	\$221.8 million
The estimated all-in true interest cost of the bonds:	2.26%
The estimated average life of bonds:	18.45 Years
The estimated debt service of the bonds:	\$314.4 million
The estimated total financing cost of the bonds:	\$367,815

- The 2021 A bonds will be issued as weekly-reset, variable rate bonds, supported by a Standby Bond Purchase Agreement with BANA.
- Bonds will close on June 16, 2021.

# \$117.425 million Fixed Rate

## Water Revenue Refunding Bonds, 2021 Series B

- During the week of June 21, 2021, Metropolitan will price the bonds on its Senior Lien to refund three series of outstanding water revenue debt:
  - \$78.97 million Water Revenue Refunding Bonds, 2011 Series C
  - \$2.57 million Water Revenue Refunding Bonds, 2014 Series C-3,
  - \$35.645 million Subordinate Water Revenue Refunding Bonds, 2017 Series B and
  - costs of issuance.

Net Proceeds	\$118.3 million
The estimated all-in true interest cost of the bonds:	0.86%
The estimated average life of bonds:	5.5 Years
The estimated debt service of the bonds:	\$124.1 million
The estimated total financing cost of the bonds:	\$527,047

- The 2021B refunding bonds are projected to provide net present value debt service savings of \$22.0 million, or 17.2% of refunded debt.
- The transaction will close on July 8, 2021

