



Sonoma Water

Clean. Reliable. Essential. Every Day.

2026 Water Revenue Bonds

Grant Davis
GENERAL MANAGER

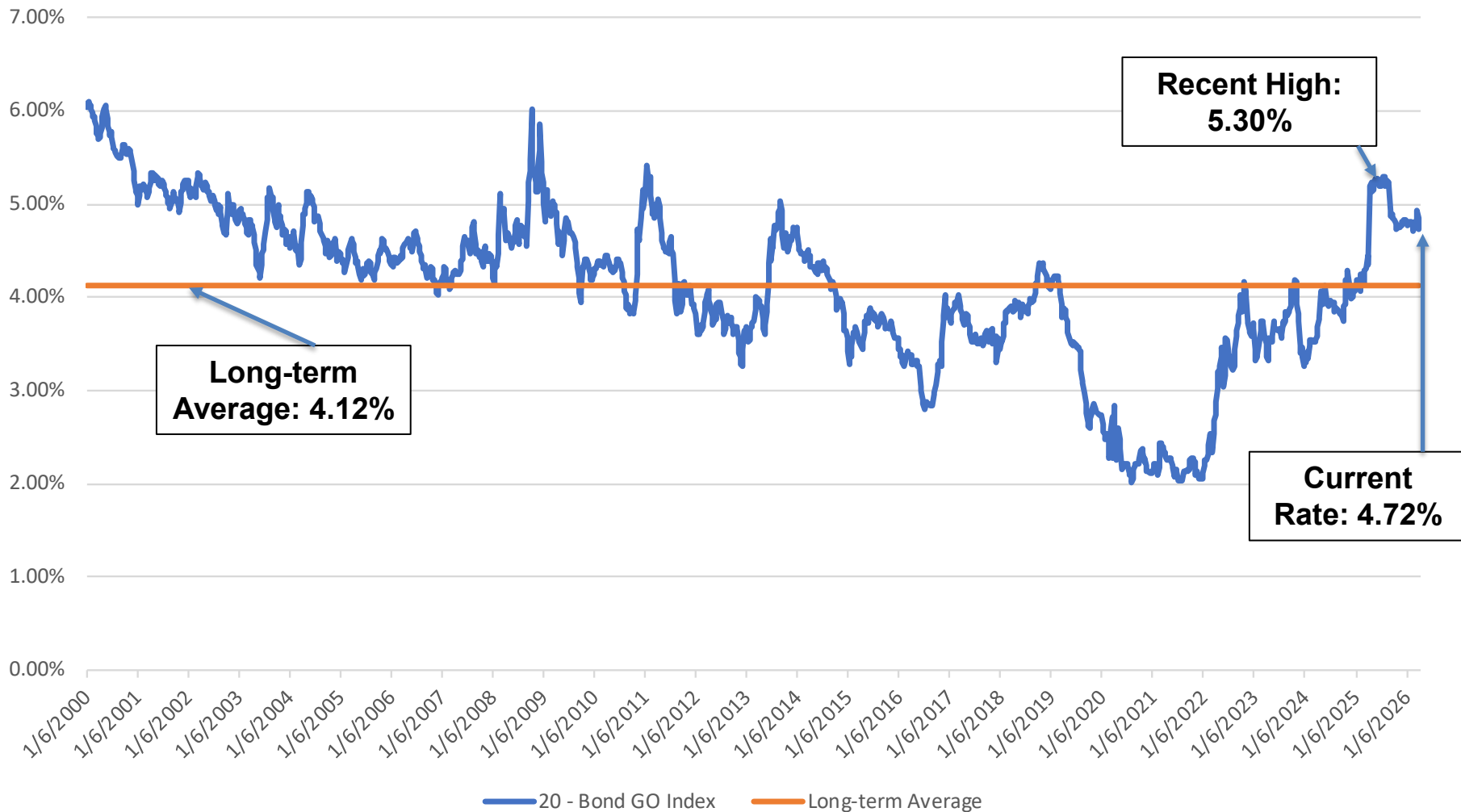
Jake Spaulding
FINANCIAL SERVICES
DIVISION MANAGER



Overview

- Requesting Authorization to issue a not-to-exceed par amount of \$55 million in Water Revenue Bonds to achieve the following:
 - Finance new capital projects included in Sonoma Water's Water Transmission Long Range Financial Plan (estimated par amount of \$29.75 million).
 - Refunding 2015A Water Revenue Bonds for present value savings (estimated par amount of \$11.675 million).
- Estimated Average Annual Debt Service of \$1.48 million for the new money portion of the Bonds through FY29 and then \$2.18 million through FY52. The refunding will occur only if the market generates savings.
- All projects will be included in future budgets reviewed by Water Contractors and Approved by Sonoma Water's Board of Directors.

Interest Rates



Source: *The Bond Buyer*. General obligation bonds maturing in 20 years are used in compiling the indexes. The 20-bond index has an average rating equivalent to Moody's Aa2 and S&P's AA.

Refunding 2015A Water Revenue Bonds

- The 2015 Bonds are currently callable at par (no premium).
- The refunding will only occur if present value savings will be generated.

Par Amount to be Refunded:	\$15,900,000
Average Annual Existing Debt Service:	\$1,295,963
Average Annual Refunding Debt Service:	\$1,187,548
Estimated T.I.C. of 2026 Bonds: ¹	2.79%
Net Present Value Savings: (\$): ²	\$378,625
Net Present Value Savings: (%): ²	2.41%
Average Annual Savings: ³	\$101,116
Final Maturity: ⁴	7/1/2039

¹ True interest cost based upon market conditions as of April 15, 2026.

Preliminary and subject to change. Reflects borrowing cost of refunding portion only.

² Preliminary, subject to final pricing results. Inclusive of all costs of issuance.

³ Includes fiscal years 2027-28 through 2039-40.

⁴ Final maturity one year earlier than existing 2015 Bonds.



Projects To Be Funded with Bond Proceeds

- 2026 Bonds: a single series of long-term, fixed rate, tax-exempt bonds to fund over 25 key capital projects including the following:

Projects	Estimated Project Costs
River Diversion Structure MCC, Pump, and Seismic Upgrade	\$7,146,120
Seismic Retrofit of Storage Tanks	\$3,910,712
Wilfred Booster Station	\$2,654,952
Warm Springs Dam Hydroturbine Retrofit	\$4,262,940
Water Treatment System Modernization - Phase 1	\$2,011,655



Sonoma
Water

Reliability, Resiliency, and Efficiency

Strong Debt Service Coverage

Debt Service	Estimated FY25-26	Estimated FY26-27	Estimated FY27-28
State Loan	1,040,232	1,040,232	1,040,497
Water Revenue Bonds 2015A	1,477,206	1,476,831	1,472,831
Water Revenue Bonds 2019A	781,825	784,450	785,825
Water Revenue Bonds 2022A	1,686,600	1,690,350	1,686,725
Water Revenue Bonds 2026A*	-	917,292	1,487,500
Total Debt Service	4,985,863	5,909,155	6,473,378

Debt Service Coverage Ratio	1.66	1.83	2.18
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* Preliminary, subject to final pricing results. 2026A Bonds only show new money. 2015A Bonds will only be refunded if present value savings will be generated.

Agency Maintains Strong Credit Ratings

Agency	Rating
Fitch Ratings	AA+
Standard & Poor's	AA+

- Strong History of Financial Performance
- Healthy Reserves
- Substantial Debt Coverage Ratios
- Soliciting rating from S&P for 2026

Bonds

Next Steps

- Board approval of Resolution and Financing Documents
- Standard & Poor's Rating early May 2026
- Bond Pricing by end of May 2026
- Bond Closing by early June 2026

Requested Board Actions

- Adopt an Amended and Restated Ordinance in order to amend and restate the original ordinance to consolidate all prior amendments and make certain additional amendments to the Original Ordinance, and to declare the terms and conditions upon and subject to which revenue bonds may be authorized and issued.
- Adopt a Twelfth Supplemental Ordinance authorizing issuance of 2026 Revenue Bonds in an initial aggregate principal amount not to exceed \$55,000,000 to finance and refinance certain water system improvements.
- Adopt a Bond Resolution approving a preliminary official statement and authorizing a final official statement; authorizing the sale of bonds through competitive or negotiated sale; authorizing execution of a continuing disclosure agreement; authorizing the refinancing of prior bonds; authorizing, if appropriate, acquisition of a bond insurance policy; and authorizing certain designated officers to do all other steps deemed necessary or advisable to carry out transactions contemplated by the Twelfth Supplemental Ordinance.



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