



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: WRAFIN 25-021

February 07, 2025

Introduced: 2/3/2025

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Matter Type: WRA Finance Item

Consider recommending that the Monterey County Water Resources Agency Board of Directors to authorize the General Manager to initiate an S&P Global Credit Rating Evaluation in the fiscal-year ending 2026.

RECOMMENDATION:

It is recommended that the Monterey County Water Resources Agency Finance Committee:

Recommend that the Monterey County Water Resources Agency Board of Directors to authorize the General Manager to initiate an S&P Global Credit Rating Evaluation in the fiscal-year ending 2026.

SUMMARY/DISCUSSION:

S&P Global Ratings (S&P) offers a rating evaluation service (RES) that provides an opportunity for potential borrowers to request a preliminary rating analysis based on hypothetical debt scenarios. The rating received is an indication of a potential rating outcome based on the hypothetical scenario presented, which will include an estimated financial forecast and any relevant information on legal covenants or revenue pledges. It cannot be used for an actual debt offering as it is provided on a confidential basis.

The RES is not a recommendation of the type of debt to issue but can offer the Agency feedback on potential rating considerations for alternative forms of debt (for example: general obligation bonds versus special benefit assessment bonds), to help determine the appropriate debt structure and revenue pledge most likely to achieve the lowest cost of funding.

OTHER AGENCY INVOLVEMENT:

None as of yet; however, the Agency will need to reactivate the Monterey County Financing Authority, a Joint Powers Authority established in cooperation with the County in 1995.

FINANCING:

Funding for the rating evaluation service would be authorized under the Agency's 2025-2026 fiscal-year budget. The current cost estimate is \$45,000 for the development of up-to three financing scenarios.

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