

• Waterworks General Obligation Refunding Bonds, 2004 Series A Transaction

Summary

On October 14, 2004, Metropolitan closed a \$68.3 million waterworks general obligation refunding bond issue to advance refund \$69.0 million of outstanding general obligation bonds. The savings on this transaction are anticipated to be on average \$209,000 per year through March 2015, resulting in net present value savings of \$1.9 million (2.77 percent).

Detailed Report

On October 6, 2004, Metropolitan priced the \$68.3 million Waterworks General Obligation Refunding Bonds, 2004 Series A issue. The transaction closed on October 14, 2004. The negotiated transaction was senior managed by UBS Financial Services, Inc. Other members of the underwriting team included E.J. De La Rosa & Co., Inc.; Loop Capital Markets, LLC; Ramirez & Co., Inc.; and Siebert Brandford Shank & Co., LLC. Gardner, Underwood & Bacon LLC served as financial advisor. Hawkins Delafield & Wood LLP and The Law Offices of Marilyn L. Garcia served as co-bond counsel.

The true interest cost (TIC) for the refunding transaction was 3.58 percent with an average life of 8.4 years. The refunding transaction will produce present value savings of \$1.9 million through 2015, which is equal to 2.77 percent of refunding par. The savings are net of any costs and expenses incurred by Metropolitan for the transaction and meet or exceed Metropolitan's bond refunding guidelines. Bonds issued in 1998 and 2001 totaling \$69.0 million in par value were refunded.

The transaction was structured to realize level cash flow savings over the life of the bonds. As requested by the Committee, and consistent with our practice, this report shows the breakdown of the estimated costs and expenses associated with the transaction:

Estimated Costs

	<u>Amount</u>	<u>\$/1,000 Bond</u>
Rating Agencies	\$ 41,837	\$ 0.61
Bond Counsel / Co-Bond Counsel	\$ 60,000	0.88
Financial Advisors	\$ 50,000	0.73
Printing/Mailing	\$ 14,397	0.21
Escrow/Verification/Other	<u>\$ 15,000</u>	<u>0.22</u>
Total	\$ 181,234	\$ 2.65

Underwriter's Discount

	<u>Amount</u>	<u>\$/1,000 Bond</u>
Takedown (sales fees)	\$ 256,294	\$ 3.75
Management Fee	\$ 25,000	0.36
Expenses		
- Underwriters Counsel	\$ 25,000	0.36
- Other (e.g. Dalnet, Day Loan, BMA Fees, etc.)	<u>\$ 24,044</u>	<u>0.36</u>
Total	\$ 330,338	\$ 4.83
Total Costs of Issuance	\$ 511,572	\$ 7.48

If you have any questions or comments, please contact me at (213) 217-7121, or by e-mail at bthomas@mwdh2o.com. As always, thank you for your help and support.

Brian G. Thomas