



- **Water Revenue Bonds, 2008 Authorization, Series A**

Summary

On January 27, 2009, Metropolitan closed a \$200 million fixed rate water revenue bond issue to provide funding for a portion of Metropolitan's Capital Investment Plan.

Detailed Report

Metropolitan priced the \$200 million Water Revenue Bonds, 2008 Authorization, Series A issue on January 14 and 15, 2009. Proceeds from the sale of the fixed rate bonds will be used to fund a portion of Metropolitan's ongoing Capital Investment Plan. The transaction closed on January 27, 2009.

The Series A bonds were issued as fixed rate bonds with Stone & Youngberg serving as book-running senior manager, and Siebert Brandford Shank & Co., LLC serving as co-senior manager. The underwriting team included Bank of America Securities LLC; Citi; De La Rosa & Co.; Goldman, Sachs & Co.; J. P. Morgan; Loop Capital Markets, LLC; Morgan Stanley & Co. Incorporated; and Ramirez & Co., Inc. Public Resources Advisory Group (PRAG) served as financial advisor. Hawkins Delafield & Wood LLP and Alexis S. M. Chiu, Esq. served as co-bond counsel.

The all-in true interest cost (TIC) for the fixed rate Series A transaction was 4.53 percent with an average life of 19.3 years. Average annual debt service for the Series A bonds will be \$12.9 million, and total debt service will be \$387.2 million with bonds maturing from January 2012 to January 2039. Metropolitan's decision to defer the transaction from December's volatile market to January paid off, as debt service payments will be approximately \$900,000 per year less than projected by Metropolitan for the proposed 2009/10 Annual Budget.

As requested by the Committee, and consistent with our practice, we have provided the following breakdown of the estimated costs and expenses associated with the 2008 Authorization, Series A transaction:

Estimated Costs:

	<u>Amount</u>	<u>\$/1,000 Bond</u>
Rating Agencies	\$ 139,850	\$ 0.70
Co-Bond Counsel	\$ 66,000	0.33
Financial Advisor	\$ 50,000	0.25
Printing/Mailing	\$ 25,000	0.13
Other/Contingency	<u>\$ 29,150</u>	<u>0.14</u>
Total	\$ 310,000	\$ 1.55

Underwriter's Discount:

	<u>Amount</u>	<u>\$/1,000 Bond</u>
Takedown (sales fees)	\$ 968,000	\$ 4.84
Management Fee	\$ 50,000	0.25
Expenses		
- Underwriters Counsel	\$ 20,000	0.10
- Other (e.g. DALCOMP, CDIAC, SIFMA Fees, etc.)	<u>\$ 40,346</u>	<u>0.20</u>
Total	\$1,078,346	\$ 5.39

Total Costs of Issuance	<u>\$1,388,346</u>	<u>\$ 6.94</u>
--------------------------------	---------------------------	-----------------------