



## NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 12-02

DATE: JAN 30 2012

SUBJECT: Water Systems Revenue Bonds, Series AI

FROM:   
DIRECTOR, DEPARTMENT OF WATER RESOURCES

Department of Water Resources  
Central Valley Project Water System Revenue Bonds, Series AI  
Par Amount: Series AI \$92,275,000  
Closing Date: September 7, 2011

### Summary of Financing Results

The Department of Water Resources (DWR) issued Bond Series AI to refund \$103.2 million of bonds outstanding for Series W. DWR delivered Series AI on September 7, 2011 pursuant to a purchase agreement among the Department, the State Treasurer and the Underwriters executed on November 1, 2010. The delayed delivery of the Series AI Bonds was necessary to achieve a current refunding of the Series W Refunded Bonds in accordance with IRS regulations. The Series W Bonds is callable on December 1, 2011. The net present value savings achieved was \$15 million, or 14.52 percent. DWR entered the municipal market at a time of historically low interest rates and was able to take advantage of extremely low borrowing costs. A summary of the financing results is provided in Table 1 below.

Table 1: Summary of Financing Results

Par Amount Refunded	\$ 103,200,000
Average Coupon of Refunded Bonds	5.27%
Average Life of Refunded Bonds	8.108
CP Refunded (Last Maturity in year 2035)	\$ -
Net Present Value Savings	\$ 14,981,700
Percentage Savings of Refunded bonds	14.52%
All-in True Interest Cost (TIC)	3.06%

**Summary of Cash Flow Savings**

The significant savings DWR achieved on the financing will provide cash flow relief over the next 19 years. Below in Table 2 is a summary of yearly savings to DWR as a result of refunding of the Bond Series W by the new Series AI.

Table 2: Summary of Savings Results  
Series AI

Year	Annual Savings
12/1/11	\$ 294,577
12/1/12	870,451
12/1/13	870,451
12/1/14	870,451
12/1/15	1,150,451
12/1/16	1,147,101
12/1/17	1,150,052
12/1/18	1,151,426
12/1/19	1,149,176
12/1/20	1,149,944
12/1/21	1,149,394
12/1/22	1,149,381
12/1/23	1,147,156
12/1/24	1,149,931
12/1/25	1,150,344
12/1/26	1,148,388
12/1/27	1,149,063
12/1/28	1,147,100
12/1/29	1,147,500
Total Savings	<u>\$ 20,142,337</u>
Net Present Value Savings	<u>\$ 14,981,700</u>

If you have any questions, please contact Perla Netto-Brown, Chief of DWR's Division of Fiscal Services at (916) 653-9836.