

NOTICE TO STATE WATER PROJECT CONTRACTORS**Date:** JAN 23 2013**Number:** 13-02

Subject: Central Valley Project Water System Revenue Bonds, Series AL
 Par Amount: \$105,875,000
 Closing Date: September 5, 2012

From:



Mark W. Cowin, Director
 Department of Water Resources

Summary of Financing Results

The Department of Water Resources (DWR) issued Bond Series AL to refund \$105.9 million of bonds outstanding for Series X and Z. DWR delivered Series AL on September 5, 2012 pursuant to a purchase agreement executed on March 13, 2012 among the Department, the State Treasurer and the Underwriters. The net present value savings achieved was \$19.1 million, or 15.7 percent of refunded bonds. 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

	Series AL
Delivery Date	9/5/2012
Par Amount Refunded	\$ 121,945,000
Net Present Value Savings	\$ 19,144,811
Percentage Savings of Refunded Bonds	15.7%
Average Coupon of Refunded Bonds	4.98%
Average Life of Refunded Bonds	7.1
All-in True Interest Cost (TIC)	2.33%

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Summary of Cash Flow Savings

The significant savings DWR achieved on the financing will provide cash flow relief over the next 18 years. Below in Table 2 is a summary of yearly savings to the Department as a result of refunding each of the Bond Series X, and Z.

Table 2: Summary of Savings Results
Series AL

Year	Annual Savings
12/1/12	502,763
12/1/13	3,284,454
12/1/14	1,314,019
12/1/15	1,236,413
12/1/16	1,273,783
12/1/17	1,304,308
12/1/18	1,219,594
12/1/19	2,022,269
12/1/20	671,239
12/1/21	2,660,489
12/1/22	2,594,739
12/1/23	1,469,070
12/1/24	944,000
12/1/25	408,250
12/1/26	407,250
12/1/27	405,500
12/1/28	408,000
12/1/29	409,500
Total Savings	<u>\$ 22,535,637</u>
Net Present Value Savings	<u>\$ 19,114,811</u>

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