

Water Department successfully issues \$185,000,000 of New Money Water & Wastewater Revenue Bonds

On August 4, 2010, PWD settled on \$185,000,000 in new money revenue bonds. The bonds were issued as the City of Philadelphia, Pennsylvania-Water and Wastewater Revenue Bonds, Series 2010C. The net proceeds of \$170.5 million from these bonds will be used to fund a portion of the Water Department's 2011 to 2016 Capital budget and to pay costs related to the transaction. The City also terminated the two forward starting 2007 Swap agreements as further described in the forefront of the Official Statement for this transaction.

The bonds were issued at true interest cost of 4.373%. The final bond maturity was in 2040 had yield of 4.884%. The 2010C issue was insured by AGM. The bond sale was managed by the City's bond team which included the City Treasurer Rebecca Rhynhart, Deputy Water Commissioner Joe Clare, the underwriters, bond counsel, financial advisors and many others. Thanks to their efforts and to the assistance of many of PWD managers in compiling and presenting the data in the department's official statement, the department was able to access the market to complete this transaction which provided essential funding for infrastructure replacement and reduced the Water Department's risk exposure related to interest rate swaps, variable interest rates and liquidity costs. The department recently received confirmation of its existing bond ratings from each of the three major bond rating agencies. (Moody's: A1, S&P: A, Fitch: A+) Copies of the bond official statement and the rating agency reports are available on our website.

Congratulations to all on a job well done.

Bernard Brunwasser
Water Commissioner