

Chelan County PUD

2007 Bond Financing Update

(Information Only - No Action Required)

Presented by Debbie Litchfield

Treasurer/Director of Finance

April 2, 2007

Financing Considerations

- What are our funding needs?
 - New money requirements
 - Refinancing opportunities
 - When will we be in the market?
 - Swaps 2007, 2009, 2011, 2013
 - What funding source are available?
 - State Volume Cap – tax exempt
 - Governmental Purpose – tax exempt
 - Taxable
 - Cash Reserves
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Funding Needs 2007-2008?

Projected Capital Requirements (\$000)*

	2007	2008	Total
Distribution Division (2)	\$ 18,578	\$ 16,070	\$ 34,648
Networks (1)	11,199	12,731	\$ 23,930
Water/Wastewater (1)	4,258	2,917	\$ 7,175
Internal Service System (1)	4,157	3,735	\$ 7,892
Rocky Reach System (1)	13,003	15,124	\$ 28,128
Rock Island System (2)	31,371	27,188	\$ 58,559
Lake Chelan Project (2)	11,880	10,405	\$ 22,285
Total Capital Requirements	\$ 94,446	\$ 88,171	\$ 182,617

(1) Cash or other internal funds

(2) New money funding alternatives

*As of 3-20-07 capital plan.

New Money Options-Funding Sources

- ❑ \$8.14M State Bond Cap–Rock Island
- ❑ \$8.92M* Governmental Purpose–Lake Chelan
- ❑ \$40.0M* Other New Money
 - Alternatives being evaluated
 - ❑ Taxable (current rate 5.93%)
 - Rock Island (modernization) & Lake Chelan (license)
 - ❑ Tax Exempt (current rate 4.63%)
 - Fund Distribution Capital
 - Cash reserves for internal loans to RI/LC
 - ❑ Cash Reserves

*Preliminary–subject to change pending capital plan evaluation and funding alternatives

Refinancing Opportunities

- 2007 Swap Refinancing
 - Refinance CS96ABCD & CS97A
 - Par \$101M
 - Rates - 4.85%-6.40%
 - Refunding Bonds
 - Par \$93.75M (reduced by \$7.25M)
 - Rate - variable swapped to 3.752% fixed
 - \$16.89M NPV Savings Expected
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Summary of Financing (\$000)

□ Swap Refinancing		\$ 93,750
□ New Money		
■ State Bond Cap	\$ 8,140	
■ Lake Chelan Modernization	\$ 8,920*	
■ Other New Money	<u>\$40,000*</u>	
□ Total New Money		<u>\$ 57,060*</u>
□ Total Estimated Issuance		\$150,810*
□ Revenue Bonds Outstanding		
■ Estimated increase by \$50M to cover 2007 & 2008		

*Preliminary—subject to change pending capital plan evaluation and funding alternatives

Financing Team

- District Team
 - Bond/Disclosure Counsel - Orrick, Herrington & Sutcliffe LLP
 - Financial Advisor – Public Financial Management
 - Underwriter – Senior Manager, Lehman Brothers
 - Underwriter's Counsel – Hawkins Delafield & Wood LLP
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2007 Financing Schedule

- 4/2 Board update and notice of mailing the Preliminary Official Statement and draft Bond Resolutions to Rating Agencies & Bond Insurers
(draft documents provided to the Commissioners 3-26-07)
 - 4/23 Board update and presentment of Bond Resolutions
 - 4/30 Board approves Bond Resolutions
 - 5/10 Pricing – fixed rate
 - 5/29 Board signs closing documents
 - 5/30 Pricing – variable rate
 - 5/31 Closing – proceeds received
 - 6/4 Board update on financing results
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Questions?
