

July 13, 2009

CHELAN COUNTY PUD 2009 PLAN OF FINANCE

Presentation Purpose

- Provide an overview of the 2009 financing plan & results of recent pricing
- Present resolutions for approval of the new money financing

2009 Plan of Finance Components

- Three Primary Components
 - Debt conversion for savings
 - 2008B VRDB conversion from AMT to non-AMT
 - Closed 6-3-09
 - Refunding opportunities for savings
 - 1999AB Refunding & associated swap
 - Information only - in process
 - Cost effective new money
 - Resolutions for approval

Debt Refunding

- 2009 Forward Starting Swap & Related Bonds
 - Consolidated System 1999AB bonds
 - Par - \$30.355 million, Rate - 6.20%, Maturity 2034
 - Forward swap with JP Morgan – pay 4.031%, receive 70% LIBOR
- 2009AB Notes - Priced 7-8-09
 - Par \$28.97 million (issued with a premium)
 - Coupon 5.25%, Yield 3.92%
 - Fixed rate, 5 year maturity
- Swap Reversal – to mitigate unhedged position
 - Bid 5 year swap reversal
 - Bank of New York Mellon – Counterparty
 - Receive 1.76%, pay 70% of LIBOR

Debt Refunding

- 2009AB Bonds – In Trust
 - Par \$30.355 million, rate 4.50%
 - Bond Insurance preserved
- Net Interest Cost – 6.191% (Yield)
 - Pay JPM Swap 4.031, receive 70% LIBOR
 - Receive BNY Swap 1.76%, pay 70% LIBOR
 - Pay Notes Yield 3.92%
- Cost of Issuance: Notes, Bonds, Swaps – estimated \$754k
 - \$300k – District bond, tax, swap & disclosure counsel
 - \$196k – underwriting fees and counsel
 - \$142k - bond Insurance
 - \$116k – rating agencies, financial/swap advisor, audit, trustee, escrow, printing
 - Paid from District cash – no proceeds available in refunding

Debt Refunding

- Risk mitigation

- Swap exposure (netting with BNY on 2008B and 2009AB)
- Interest rate certainty through July 2014
- Reduction of liquidity requirements associated with short term debt maturity

- Schedule

- 7/17-20 - Board signs closing documents
- 7/22 – 2009AB closing

New Money

- Rocky Reach – Issue under 2008 Rocky Reach Master Resolution
 - Rocky Reach 2009A
 - Tax exempt –non-AMT - Environmental Enhancement
 - Estimated - \$18 million – 3 years of capital projects
 - Fixed Rate

- Rock Island - Issue under 2008 Rock Island Master Resolution
 - Rock Island 2009A
 - Tax exempt –non-AMT - Environmental Enhancement
 - Estimated - \$16 million – 3 years of capital projects
 - Fixed Rate

- Lake Chelan - Issue under 2007 Consolidated System Master Resolution
 - Consolidated System 2009C/D – Loaned to Lake Chelan
 - Tax exempt – non-AMT - Governmental Purpose or Taxable Build America Bonds
 - Estimated - \$37.0 million – 3 years of capital projects
 - Fixed Rate

New Money - Resolutions

- **Rocky Reach System Second Supplemental Resolution**
 - Authorizes issuance of up to \$18 million of the RR 2009A
 - Issued as tax-exempt (non-AMT)
- **Rock Island System Second Supplemental Resolution**
 - Authorizes issuance of up to \$16 million of the RI 2009A
 - Issued as tax-exempt (non-AMT)
- **Consolidated System Seventh Supplemental Resolution**
 - Authorizes issuance of up to \$37 million for Lake Chelan projects.
 - Issued as tax-exempt (non-AMT) or Build America Bonds (BABs) – market driven
- **Documents and agreements to be authorized in form.**
 - Preliminary Official Statement
 - Purchase Contract
 - Forward Purchase & Sale Investment Agreement

New Money – Schedule

- 6/30 Draft documents provided to Board
- 7/13 Board action – resolution/financing approval
- 7/14 Post official statements for marketing
- 7/29 Pricing new money
- 8/10 Board signs closing documents
- 8/12 New money closing

Questions?
