

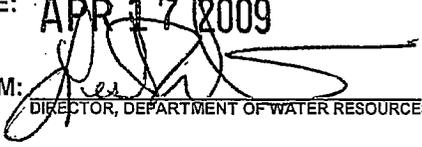


NOTICE TO STATE WATER PROJECT CONTRACTORS

NUMBER: 09-05

DATE: APR 17 2009

SUBJECT: Water Systems Revenue Bonds, Series AF

FROM: 
DIRECTOR, DEPARTMENT OF WATER RESOURCES

Department of Water Resources
Central Valley Project Water System Revenue Bonds, Series AF
Par Amount: \$287,735,000
Closing Date: March 19, 2009

Summary of Financing Results

The Department of Water Resources (DWR) took advantage of a very steep municipal yield curve to current refund three series of bonds (Series Q, T and U) for total net present value savings of \$15,862,428. Strong investor demand for DWR's credit secured significant refunding savings on the Series Q, T and U Bonds. The Series AF Bonds also funded the takeout of approximately \$33.36 million of commercial paper that had been issued to fund State Water Projects. A summary of the financing results is provided in Table 1 below.

Table 1: Summary of Financing Results

	Series Q Refunding	Series T Refunding	Series U Refunding	South Bay Aqueduct Enlargement	Off Aqueduct Reid Gardner	Total
Par Amount Refunded	\$56,445,000	\$73,365,000	\$136,870,000	N/A	N/A	\$266,680,000
Average Coupon of Refunded Bonds	5.35%	5.06%	5.01%	N/A	N/A	5.09%
Average Life of Refunded Bonds	11.8 years	2.3 years	13.7 years	N/A	N/A	10.1 years
CP Refunded	N/A	N/A	N/A	\$23,529,768	\$9,830,353	\$33,360,121
New Present Value Savings	\$5,699,432	\$4,053,673	\$6,109,322	N/A	N/A	\$15,862,428
Percentage Savings of Refunded Bonds	10.10%	5.53%	4.46%	N/A	N/A	5.95%
Average Life	11.7 years	2.3 years	13.6 years	14.7 years	3.3 years	10.4 years
All-in TIC	4.19%	1.76%	4.44%	4.52%	2.03%	4.18%

Summary of Cash Flow Savings

The significant savings DWR achieved on the financing will provide cash flow relief over the next 20 years. Below in Table 2 is a summary of yearly savings to DWR as a result of refunding each of the Series Q, T and U bond issues.

Table 2: Summary of Savings Results
Series AF

	Series Q Savings	Series T Savings	Series U Savings	Total Savings
12/1/2009	\$332,561.61	\$1,017,201.08	\$320,005.39	\$1,669,768.08
12/1/2010	456,680.00	1,441,531.25	455,336.25	2,353,547.50
12/1/2011	476,680.00	1,441,231.25	457,496.25	2,375,407.50
12/1/2012	473,680.00	1,445,431.25	457,665.00	2,376,776.25
12/1/2013	471,923.75		453,940.00	925,863.75
12/1/2014	476,186.25		457,215.00	933,401.25
12/1/2015	476,023.75		454,815.00	930,838.75
12/1/2016	474,223.75		453,133.75	927,357.50
12/1/2017	472,936.25		453,165.00	926,101.25
12/1/2018	473,548.75		458,271.25	931,820.00
12/1/2019	472,355.00		458,215.00	930,570.00
12/1/2020	475,280.00		453,415.00	928,695.00
12/1/2021	472,448.75		453,765.00	926,213.75
12/1/2022	474,011.25		455,215.00	929,226.25
12/1/2023	473,055.00		456,733.75	929,788.75
12/1/2024	472,855.00		456,640.00	929,495.00
12/1/2025	473,500.00		455,450.00	928,950.00
12/1/2026	472,443.75		456,075.00	928,518.75
12/1/2027			457,575.00	457,575.00
12/1/2028			458,075.00	458,075.00
12/1/2029			457,575.00	457,575.00
Total	\$8,370,392.86	\$5,345,394.83	\$9,439,776.64	\$23,155,564.33

Total Net Present Value Savings

\$ 15,862,427.52

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