

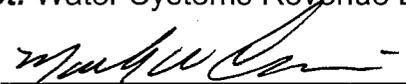


NOTICE TO STATE WATER PROJECT CONTRACTORS

Number: **10-02**

Date: **MAR 24 2010**

Subject: Water Systems Revenue Bonds, Series AG

From: 
Director, DEPARTMENT OF WATER RESOURCES

Department of Water Resources
Central Valley Project Water System Revenue Bonds, Series AG
Par Amount: \$169,115,000
Closing Date: December 2, 2009

Summary of Financing Results

The Department of Water Resources (DWR) current refunded all bonds outstanding for Series O and S for total net present value savings of \$8,110,204. DWR was able to take advantage of low interest rates in 2009. The Series AG Bonds also funded the takeout of approximately \$9.9 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 O Refunding	Series S Refunding	South Bay Aqueduct Enlargement	Total
Par Amount Refunded	\$ 125,595,000	\$ 42,765,000	N/A	\$ 168,360,000
Average Coupon of Refunded Bonds	4.75%	5.00%	N/A	4.82%
Average Life of Refunded Bonds	17.2 years	17.8 years	N/A	17.4 years
CP Refunded	N/A	N/A	\$ 9,926,932	\$ 9,926,932
Net Present Value Savings	\$ 5,225,152	\$ 2,885,052	N/A	\$ 8,110,204
Percentage Savings of Refunded Bonds	4.16%	6.75%	N/A	4.82%
All-in True Interest Cost (TIC)	4.42%	4.47%	N/A	4.41%

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 O and S bond issues.

**Table 2: Summary of Savings Results
 Series AG**

	Series O Savings	Series S Savings	Total Savings
12/1/2010	\$ 157,898.09	\$ 152,350.34	\$ 310,248.43
12/1/2011	141,812.50	146,850.00	288,662.50
12/1/2012	141,812.50	146,850.00	288,662.50
12/1/2013	141,812.50	146,850.00	288,662.50
12/1/2014	141,812.50	146,850.00	288,662.50
12/1/2015	141,812.50	146,850.00	288,662.50
12/1/2016	141,812.50	146,850.00	288,662.50
12/1/2017	141,812.50	146,850.00	288,662.50
12/1/2018	141,812.50	146,850.00	288,662.50
12/1/2019	141,812.50	146,850.00	288,662.50
12/1/2020	141,812.50	146,850.00	288,662.50
12/1/2021	141,812.50	146,850.00	288,662.50
12/1/2022	141,812.50	146,850.00	288,662.50
12/1/2023	1,096,812.50	421,850.00	1,518,662.50
12/1/2024	1,094,412.50	416,775.00	1,511,187.50
12/1/2025	1,093,325.00	420,200.00	1,513,525.00
12/1/2026	1,092,025.00	418,850.00	1,510,875.00
12/1/2027	1,093,412.50	419,343.75	1,512,756.25
12/1/2028	1,092,037.50	421,593.75	1,513,631.25
12/1/2029	1,092,300.00	417,656.25	1,509,956.25
Total	\$ 9,513,973.09	\$ 4,850,819.09	\$ 14,364,792.18

Total Net Present Value Savings **\$8,110,204**

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