

NEWS RELEASE



DEPARTMENT OF
ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

FOR IMMEDIATE RELEASE

October 13, 2011

AFFIRMED CITY CREDIT RATINGS YIELD LOWEST SEWER BOND INTEREST

(Thurs., Oct. 13, 2011) – The City and County of Honolulu today successfully sold \$169.19 million of Wastewater System Revenue Bonds, securing the bonds at 4.29 percent, the lowest of any tax-exempt wastewater financing ever sold by the City.

The attractive interest rate is attributed to the wastewater system's strong financial position and affirmed credit ratings, saving ratepayers millions of dollars over the life of the bonds. The lowest previous interest rate secured by the City was 4.554 percent in 2005.

Proceeds will help pay for a variety of important repairs and upgrades to wastewater pump stations, pipes and facilities in Ala Moana, Chinatown, Kailua, Kalihi, Kaneohe, Manoa, Nuuanu, Palolo, Sand Island, Honouliuli, Wahiawa, Waimalu and other neighborhoods.

Moody's and Fitch rated the bonds "Aa2/AA," respectively. Fitch views "the adoption of three multiyear rate packages and subsequent implementation of the series of rate increases during an economic downturn, as an indication of Honolulu's high level of commitment in addressing its mandated capital improvements and available rate flexibility." The Fitch rating "primarily reflects the very strong financial position of the system and the proactive steps taken by the political leadership and management team to address many years of delayed spending on system capital infrastructure."

Moody's noted that the City "has worked diligently to comply with evolving state and local federal regulations" including the 2010 Consent Decree that "provides certainty on outstanding litigation and the Department's long-term CIP (Capital Improvement Projects)." Moody's also noted that the rating and outlook was based on the "expectation that the wastewater system will continue to benefit from approved rate increases and maintain favorable financial performance consistent with the City's conservative financial and debt policies."

Bank of America Merrill Lynch served as the lead underwriter for the offering with Piper Jaffray & Co. as the co-manager. A one-day retail order period for the bonds on Wednesday generated more than \$37.8 million of orders from retail customers, both in Hawaii and on the Mainland. Local financial institutions also participated actively in selling and purchasing many of the bonds.