

# NEWS RELEASE



DEPARTMENT OF  
ENVIRONMENTAL SERVICES  
CITY AND COUNTY OF HONOLULU

**FOR IMMEDIATE RELEASE**

September 20, 2012

## **CITY SELLS SEWER BONDS AT LOWEST INTEREST RATE EVER**

(Thurs., Sept. 20, 2012) – The City and County of Honolulu today successfully sold approximately \$255.6 million of Wastewater System Revenue Bonds, securing additional funds for projects at 3.71 percent, the lowest interest rate of any wastewater financing sold by the City since the program began in 1998. Over \$1.1 billion of orders were received for the bonds, a record amount for 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 tax-exempt rate secured by the City was 4.29 percent in 2011. Refinancing more than \$120.9 of existing Wastewater System Revenue Bonds saves in excess of \$11 million in long-term interest payments.

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.

The Fitch rating of "AA" primarily reflects "the financial flexibility, provided by rate flexibility and a strong cash funded capital component" and proactive steps taken by the City leadership and management team to address spending on system capital infrastructure.

Moody's rating of "Aa2" noted that the City has a trend of solid debt service coverage provided by existing net revenues, a strong management team characterized by conservative budgeting, a continued practice of prudent and substantial multi-year rate increases to support its obligations, and is making continuing progress on the system's sizable capital improvement plan.

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 \$481 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.

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