



## ***News from EMWD***

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### **For Immediate Release**

## **High credit rating results in favorable \$160 million bond sale for Eastern Municipal Water District customers**

**Perris, CA (March 3, 2006)**— Eastern Municipal Water District (EMWD) recently concluded the sale of approximately \$160 million in revenue bonds. Of this, \$150 million is earmarked for some of its major capital improvement projects which have been driven by the recent rapid growth in its 555 square mile service area.

The bonds were sold at very favorable interest rates of 4.54% for two thirds of the issue that was fixed for 30 years and 2.77% for one third that was issued at a variable rate which changes weekly. Recently, EMWD's credit rating was increased by Fitch Ratings to AA based on their favorable financial performance, rate flexibility and sound economic underpinnings. This rating played a key role in achieving these rates. All in all, these favorable interest rates will help to keep the annual debt repayment at more manageable levels.

Known officially as Certificates of Participation (COP), these bond revenues are a key component of the funding sources for EMWD's five-year capital improvement program (CIP). For 2005 – 2009, that includes over \$700 million in new facilities and expansion projects. The CIP is primarily driven by the need to meet new demands on the water and wastewater system. Since it is new development that has required facility expansions, it is the new customers who share the obligation to pay for financing through one-time hook-up or connection fees.

Some of the 2006 projects that the bond sale will fund are : \$7.1 million out of \$9.5 million tertiary (higher-level wastewater treatment) conversion at the San Jacinto Regional Water Reclamation Facility (RWRf) , \$10.2 million out of \$35 million to increase capacity of the Temecula Valley RWRf, \$30 million out of \$88 million to increase capacity of the Perris Valley RWRf, \$46.3 million of \$50 million to construct a 24,210 lineal foot pipeline for the North San Jacinto Sewer System to accommodate the growth in the San Jacinto Valley, and \$7.8 million will completely fund the construction of a pre-treatment facility to remove iron from the brackish (salty) water that feeds into EMWD's desalination plants.

The underwriter was UBS Securities LLC.

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*EMWD serves a 555-square mile area from Moreno Valley to Temecula, and from Hemet and San Jacinto to Good Hope and Mead Valley. Approximately 570,000 people live and work in this area. In addition to its own water customers, EMWD supplements water to eight local water agencies and municipalities that have their own water departments. EMWD operates four water reclamation facilities and treats some 43 million gallons of wastewater daily. More information can be found at EMWD's web site [www.emwd.org](http://www.emwd.org).*