

Deal Spotlight: Utilities

The Nowata Municipal Authority, Oklahoma

\$3,555,000

Rating: AA (S&P)

UW: Wells Nelson & Associates, L.L.C.

Dated Date: 3/1/07

The Nowata Municipal Authority (the “Authority”) issued bonds secured by the net water and sewer revenues of the Authority and a gross pledge of a one cent sales tax annually appropriated by the City of Nowata (the “City”).

The City is the county seat for Nowata County and is located 30 miles north of Tulsa, OK. The City’s population has remained steady in recent years and has an estimated population of just over 4,000 residents. The City leases its entire water, sanitary sewer, and solid waste management systems to the Authority. The Authority has 2,185 water customers who utilized 276 million gallons in 2006. The Top 10 customers make up less than 3.6% of the gallons used. The Authority maintains a healthy \$772,000 of cash on hand equating to 268 days of operating expenses.

Including the one cent sales tax which is annually appropriated to the Authority, coverage is 3.3x maximum annual debt service. Even without that sales tax, debt service coverage remains above 2.0x. The Authority has a rate covenant of 1.25x Average Annual Debt Service (AADS) and an Additional Bonds test of 1.25x AADS.

The Authority accessed the market at lower interest rates based on Radian’s AA rating. Below are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Maturity	2021	2037
Coupon	4.15%	4.55%
Yield	4.18%	4.60%
Spread to MMDL High Grade (bps)	+39	+61
Spread to 4.50% Coupon MMDL High Grade (bps)	N/A	+31

Key Contacts:

James George, VP • 212 984.9279 • james.george@radian.biz

John DeLuca, SVP, Director of Marketing • 212 984.9222 • john.deluca@radian.biz

This report has been prepared by Radian Asset Assurance Inc. (“Radian”) based on information available and believed to be accurate and complete as of the date on which the obligations described above were issued (the “Issuance Date”). Certain information included in this report was obtained by Radian from third-party sources, and Radian does not guarantee the accuracy or completeness of this report as of the Issuance Date or its continued accuracy as of any date subsequent thereto. Radian does not intend to, and disclaims any duty or obligation to, update or revise any information included in this report to reflect new information or future events for any other reason. This report is distributed for information purposes only and nothing contained herein should be viewed as investment advice or as constituting a recommendation to buy, hold or sell the obligations described herein. Radian has insured the obligations described above and received fees for the issuance of a financial guarantee insurance policy covering such obligations.