

## Deal Spotlight: Utilities

### City of Waukee, Iowa

Natural Gas Utility System Revenue Bonds

\$5,675,000

Rating: AA (S&P)

UW: Bernardi Securities, Inc.

FA: Public Financial Management, Inc.

Dated Date: 8/1/07

The City of Waukee (the “City”) issued \$5.675 million of bonds on behalf of its Municipal Natural Gas Utility System (the “Utility”) through a competitive bid offering.

The City is located in central Iowa about 16 miles northwest of Des Moines. The City has seen its population grow from about 5,100 in 2000 to an estimated 9,200 five years later.

The Utility, which was constructed in 1966, is maintained and operated by the City Council. The Utility had 3,792 customers in fiscal year 2006 of which 19 of them were commercial. Annual consumption reached 308,582,271 Ccfs (100 cubic feet) in fiscal year 2006. Customers and consumption have grown at an annualized rate of 9% and 8%, respectively, over the past five years.

The bonds are secured by a first lien on net revenues of the Utility. Concurrent with the adoption of the bond resolution, the City instituted a rate increase of 8.6% and a debt service fee, imposed until bond maturity, of \$0.0015 per Ccf. The rate increase, in conjunction with the debt service fee, produces pro-forma maximum average debt service coverage of over 1.5x in fiscal year 2008. The bond proceeds will be used to fund system improvements in an effort to meet the demand created by the growth experienced by the City in recent years.

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

<b>Maturity</b>	<b>2017</b>	<b>2022</b>
<b>Coupon</b>	4.50%	4.70%
<b>Yield</b>	4.45%*	4.75%
<b>Spread to MMDL High Grade (bps)</b>	+ 32	+ 38

\* Priced to the 2015 par call.

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