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DECEMBER 30, 2009

TO: BOARD OF DIRECTORS

THROUGH: ARTHUR T. LEAHY
CHIEF EXECUTIVE OFFICER

FROM: TERRY MATSUMOTO
CHIEF FINANCIAL SERVICES OFFICER AND TREASURER

SUBJECT: DEBT ISSUANCE

ISSUE

In October the Board requested quarterly reports beginning in January 2010 showing the amount of bonds being issued for all projects and the projected fees and bond interest to be paid.

DISCUSSION

The FY10 budget calls for $3.1 million of debt proceeds to be expended in the capital maintenance program. The current year funding comes from the proceeds of previously issued debt on hand at the beginning of the fiscal year. Therefore, no new bonds are planned to be issued this fiscal year.

BACKGROUND

In each fiscal year the planned amount of bond funding by project is established in the annual budget. Typically, within the budget year, such bond requirements are advanced from our commercial paper programs. When the balance outstanding in the commercial paper programs reaches $100-200 million, plans are developed to issue "new money" bonds to repay the commercial paper advances. Board approval is obtained and the bonds are issued. After the actual issuance, we will then know the amounts of fees and interest to be paid over the life of the bond issue.

The adopted Long Range Transportation Plan currently provides the forecast of debt issuance for all future fiscal years. This information is reviewed each year in the annual budget development process.

Prepared by: Michael J. Smith, Assistant Treasurer