

WCCMA CONFERENCE

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Bond Issuance Participants

Issuer

Bond Counsel

Rating Analyst

Financial Advisor

Bond Insurer

Underwriter

Paying/Fiscal Agent

Underwriter's Counsel

Trustee

Verification Agent

Investors

Types of Borrowing

General Obligation Bonds

Pledge of full faith and credit

Revenue Bonds

Pledge of net revenues of the system

Assessment Bonds

Local improvement districts (LIDs)

Bank Loans

Loan purchased by single investor (bank)

Leases

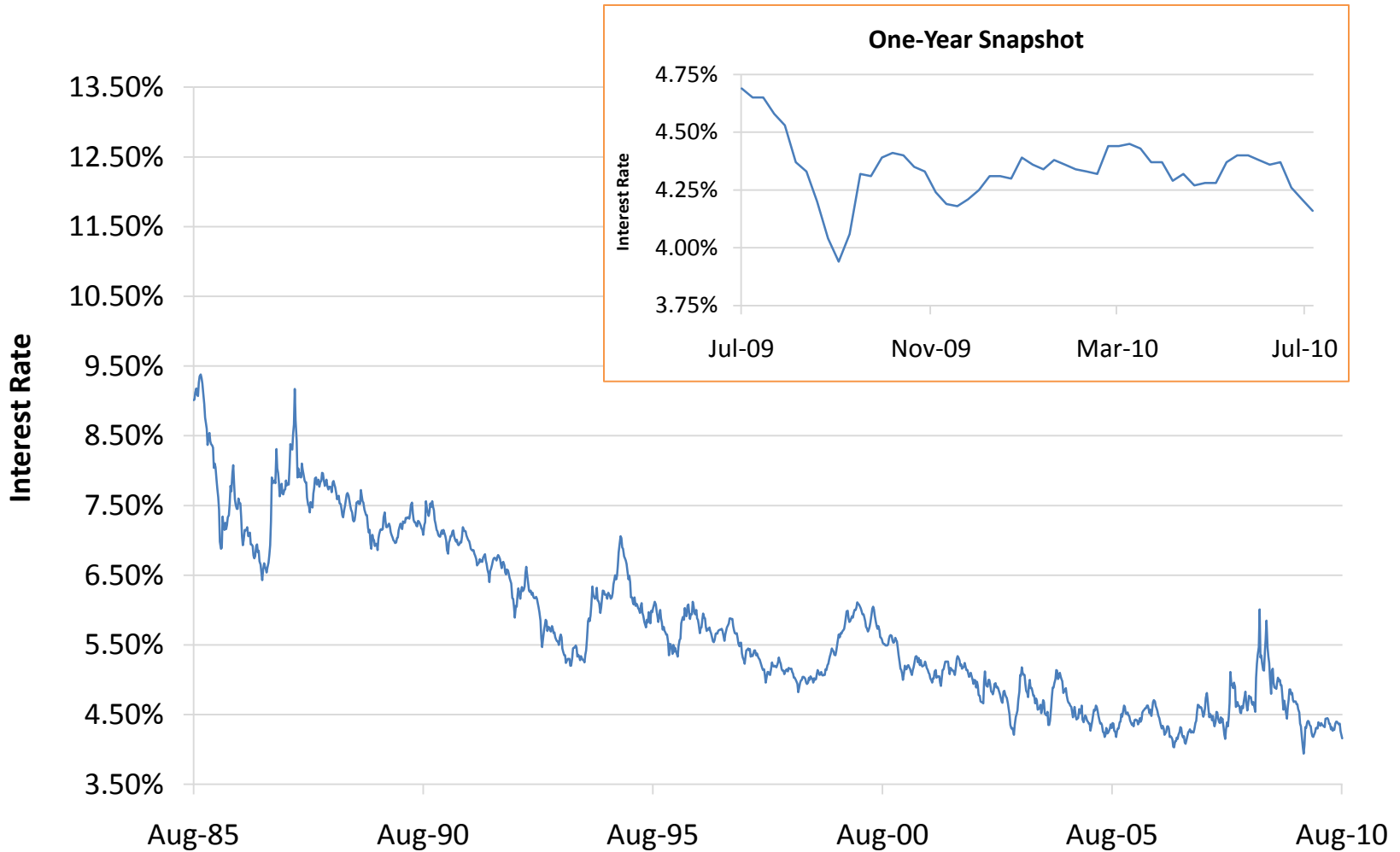
Property leased with option to purchase

Short-Term Obligations

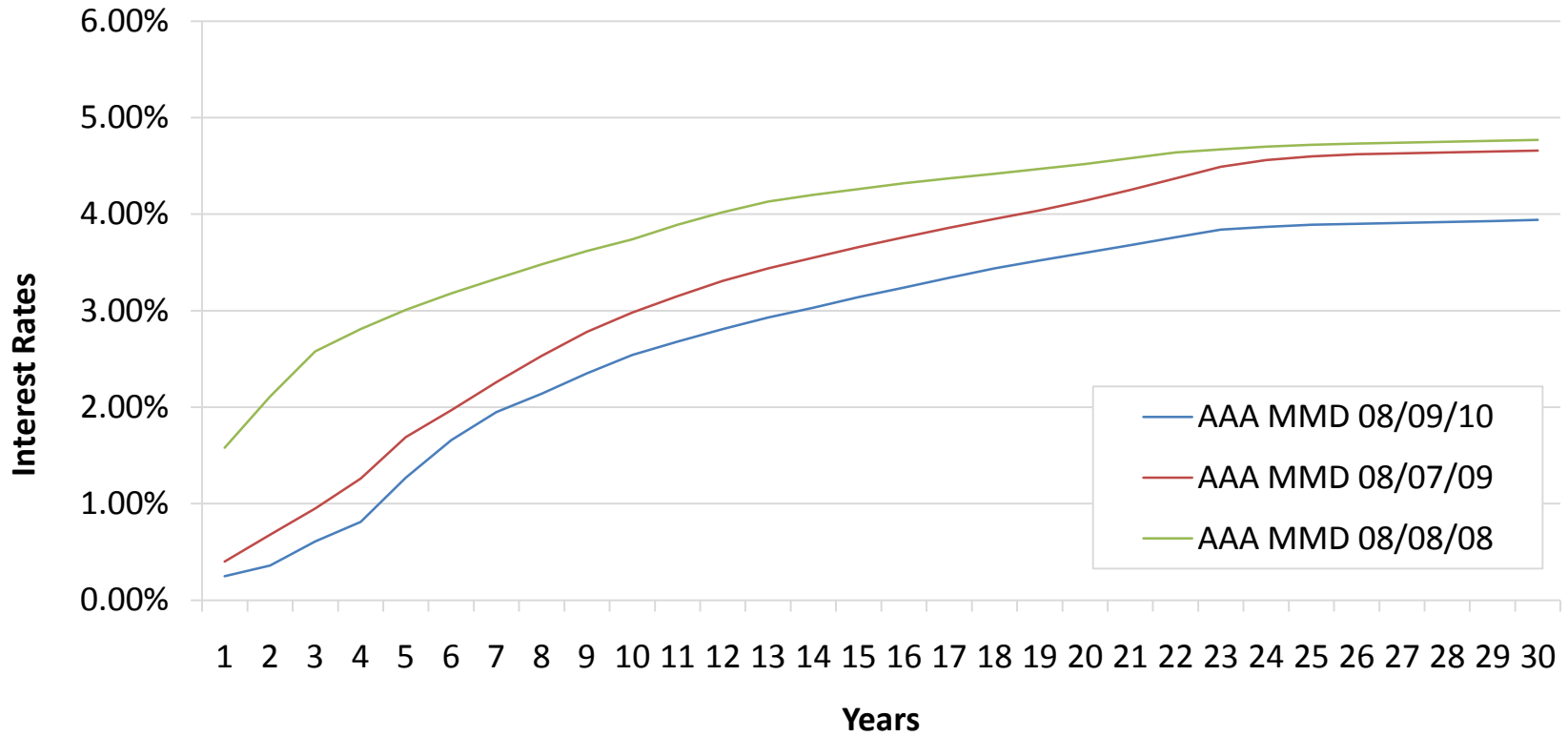
Notes, lines of credit

S&P	Moody's
Highest Rated	
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB-	Baa3
NR (Non-Rated) "Junk Bonds"	

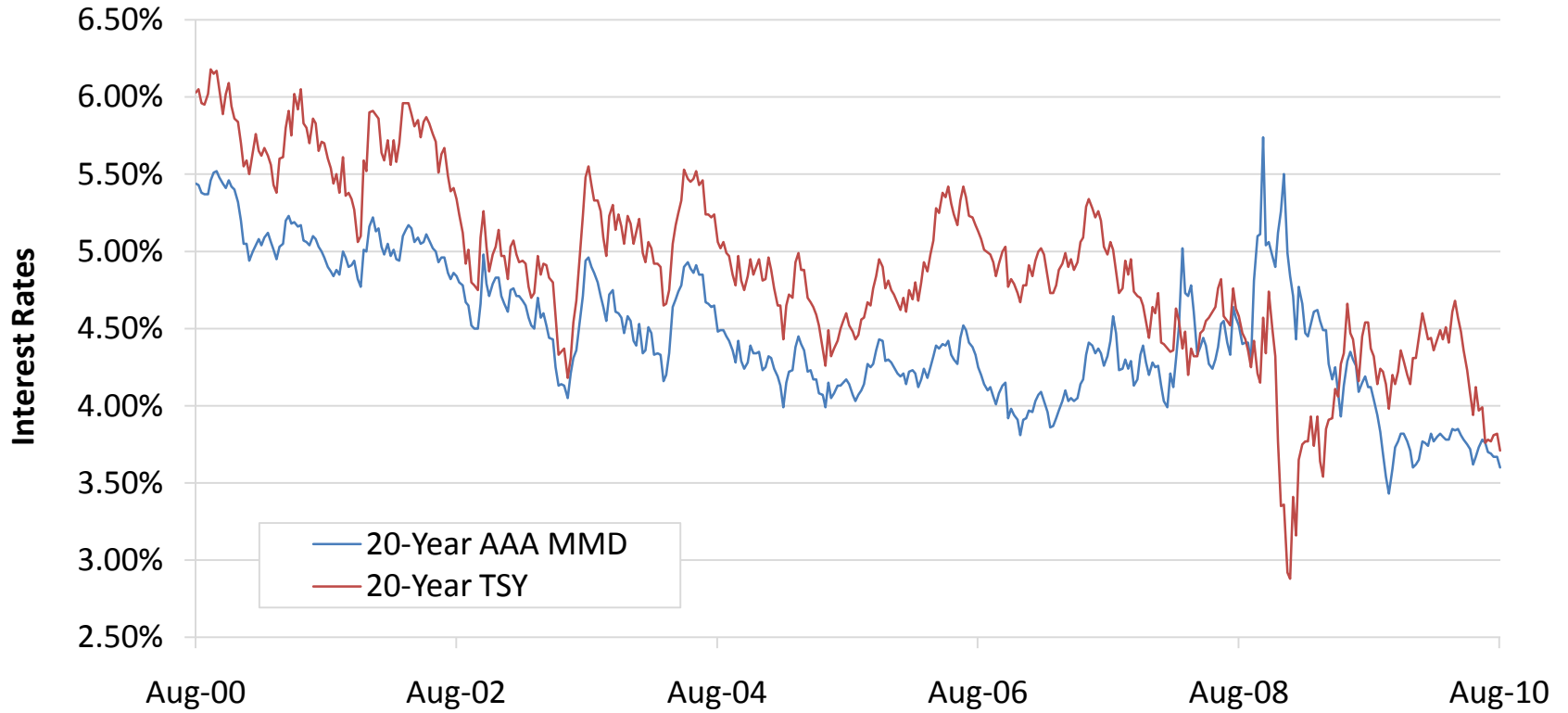
Bond Buyer Index History



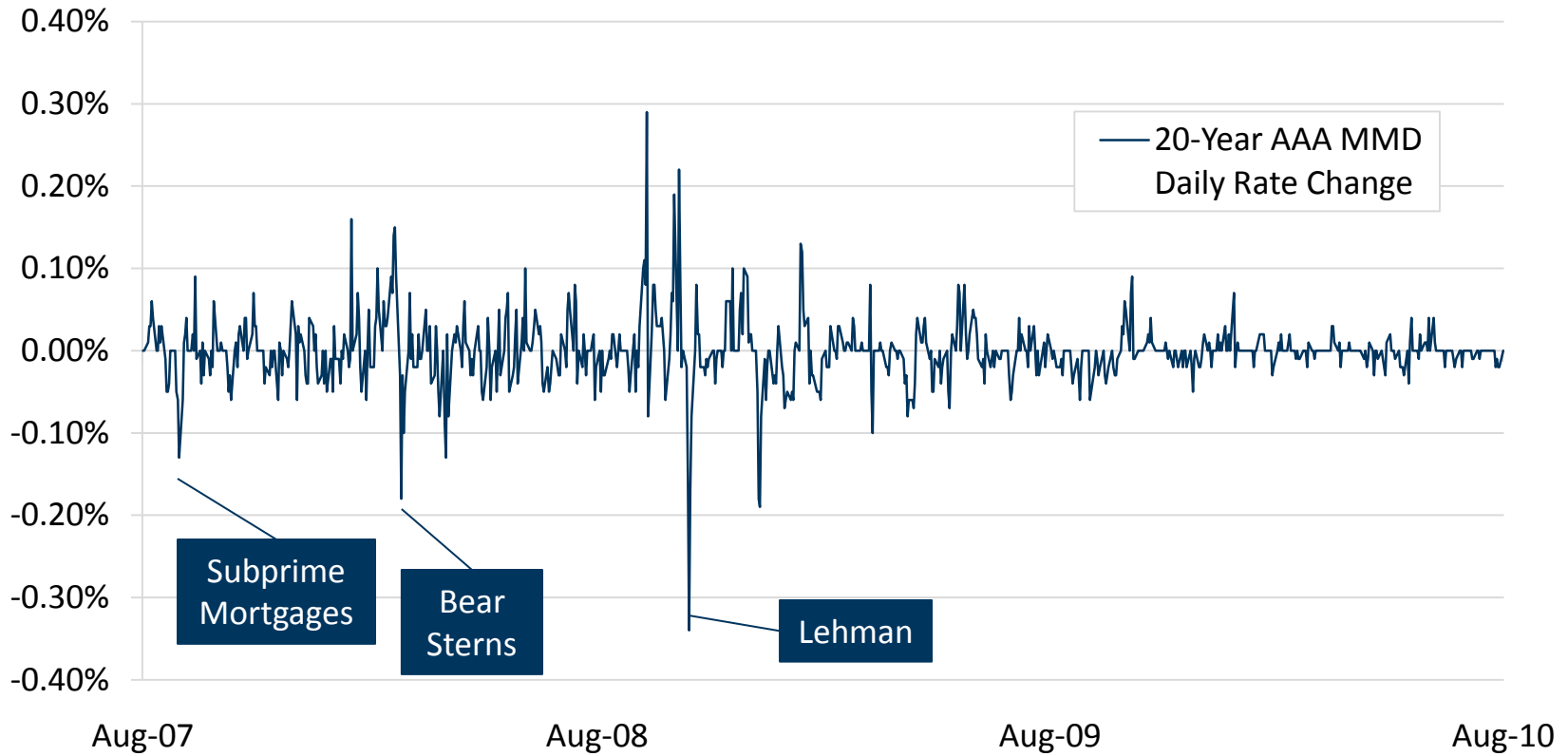
Tax-Exempt Yield Curve



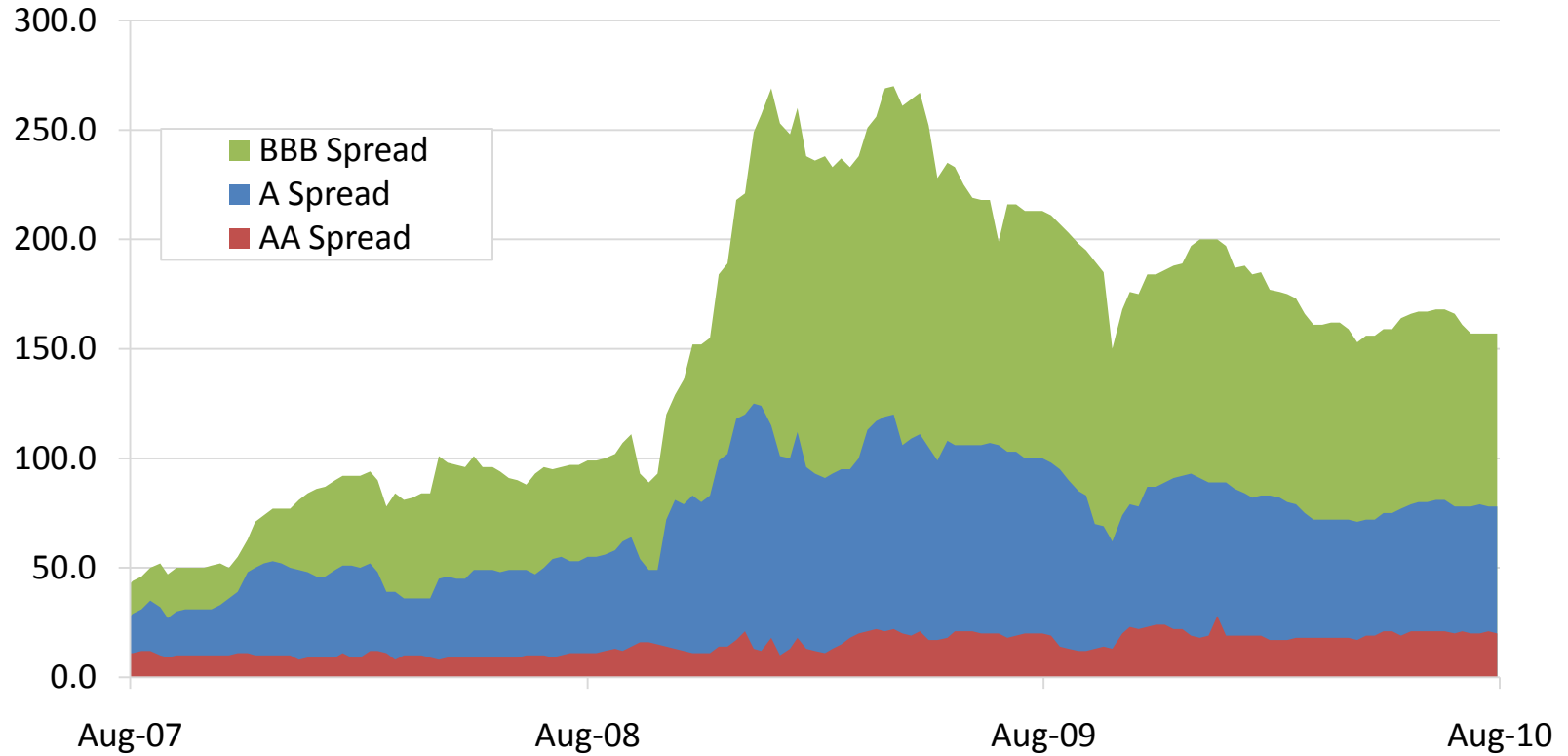
Historical Interest Rates



MMD Daily Percent Change Since 2007



Credit Spreads for Tax-Exempt Bonds, 20-Year Maturity



Insurance Overview

Insurers	Rating Agencies		
	Moody's	Standard and Poor's	Fitch
Ambac	Ba3	A	Withdrawn
MBIA Natl.	Baa1	A	Withdrawn
FSA*	Aa3	AAA	AA+
FGIC	Withdrawn	Withdrawn	Withdrawn
Syncora Guarantee Inc.	Ca	CC	Withdrawn
ACA Financial Guarantee	NR	Withdrawn	NR
Assured Guaranty	Aa2	AAA	AA
CIFG Assurance	Ba3	BB	Withdrawn
Radian	Ba1	BBB-	Withdrawn
BHAC	Aa1	AAA	NR

Build America Bonds

BABs are TAXABLE bonds that may be issued by any state or local government.

- Subsidy or tax credit
- No volume cap
- IRS questionnaire

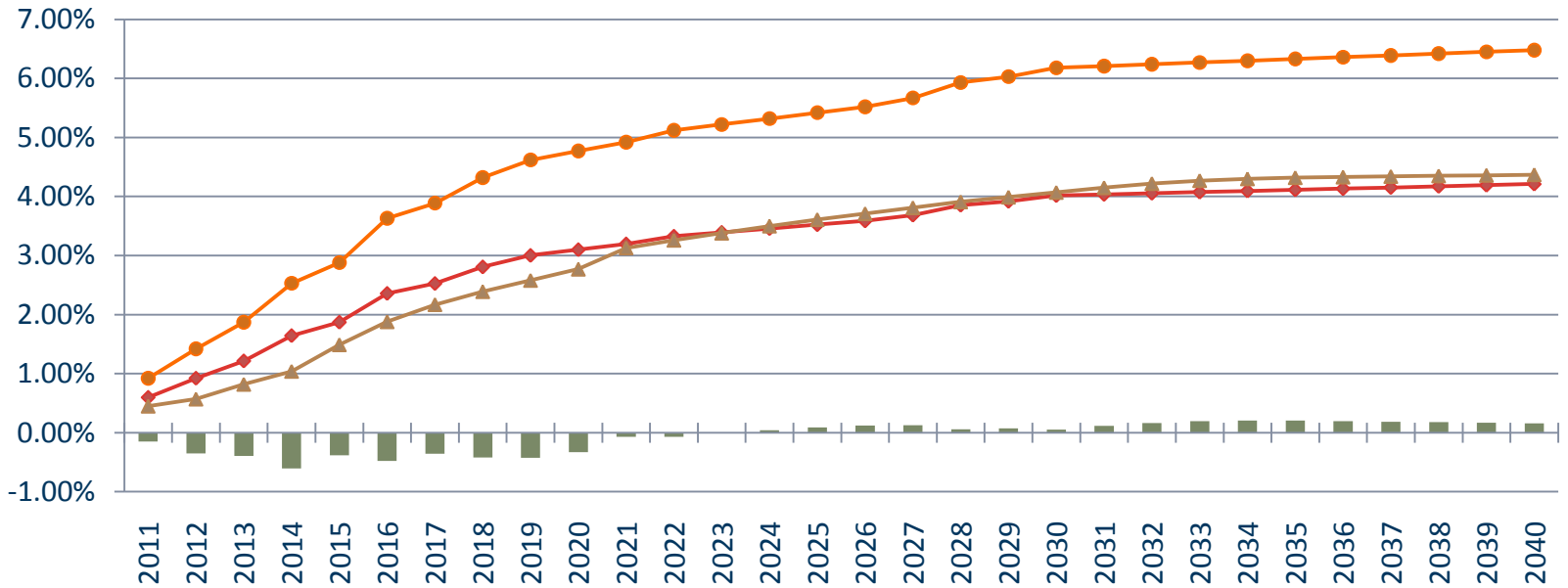
Other Tax-Credit Programs

- RZEDB: Recovery Zone Economic Development Bonds
- RZFB: Recovery Zone Facility Bonds
- QECB: Qualified Energy Conservation Bonds
- CREB: Clean Renewable Energy Bonds (new authorization)
- QSCB: Qualified School Construction Bonds

Washington Cities BABs Issuance

Auburn	Port Townsend
Bremerton	Renton
Burien	Richland
Federal Way	Sea-Tac
Ferndale	Seattle
Gig Harbor	Shoreline
Issaquah	Tacoma
Kennewick	Tukwila
Olympia	Yakima

BABs Savings and Comparison Analysis



■ Savings vs. Tax-exempt
 ◆ BABs yield net of 35% subsidy
 ▲ Tax-exempt Yield (1)
 ● Taxable Yield (2)

Tax-Exempt Bonds

Scenario	2010 Tax-Exempt Level Debt Service
Notes	Bank Qualified
Par Amount	\$8,000,000
Average Coupon	4.65%
True Interest Cost	4.19%
Net Interest Cost	4.33%
Average Annual Gross Debt Service	\$621,503
Average Annual Net Debt Service	NA
Total Gross Debt Service	\$12,430,050
Total Net Debt Service	NA

Scenario	2010 Build America Bonds Level Debt Service
Notes	35% subsidy
Par Amount	\$8,000,000
Average Coupon	5.57%
True Interest Cost	3.58%
Net Interest Cost	5.57%
Average Annual Gross Debt Service	\$656,592
Average Annual Net Debt Service	\$567,000
Total Gross Debt Service	\$13,131,836
Total Net Debt Service	\$11,335,693

What's ahead?

Interest rates are expected to stay low.

BABs could be reauthorized by the federal government.

State government financial strain may lead to more local government borrowing.

More government regulation of financial advisors is expected.

Questions?