



California ISO  
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# Report on 2007 Bond Issuance

Board of Governors Meeting  
April 18-19, 2007

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# 2007 Bond Issuance Report

- Completed transaction on 4/5/2007, as scheduled
  - \$60 million of variable rate demand bonds with proceeds for:
    - Project fund: \$53,050,476
    - Capitalized interest \$117,615
    - Debt Service Reserve Fund: \$6,000,000
    - Issuance costs: \$656,852
    - Underwriter's commission & expenses \$175,057
  - Interest rate swap with JPMorganChase covering 100% of debt
    - CAISO pays fixed rate of 3.468%, and receives floating interest (BMA index) that will approximate interest costs on CAISO variable rate bonds.
  - “All-in” projected interest cost of 4.1%
  - See bond official statement for details:
    - <http://www.munios.com/download/2007/CAInfrastructure2-OS.pdf>
  - FERC approval for the issuance received on 3/30/2007. CAISO will file a report to FERC on the issuance by 5/5/2007

## Investment of Debt Service Reserve Fund

- Objective:
  - Obtain a fixed-rate return on funds that CAISO will hold for extended time in order to earn a return at or above bond costs
- Process:
  - Held competitive bidding process for investments of two bond related funds

- Results:

<u>Fund</u>	<u>Investment</u>	<u>Term</u>	<u>Instrument</u>	<u>Provider</u>	<u>Rate</u>
Construction Fund	\$52.7 million	12 month	GIC	Wells Fargo	5.155%
Debt Service Reserve Fund	\$6 million	Life of bonds (~6 years)	GIC	MBIA	4.772%

- Bond funds are invested in accordance with restrictions of the Bond Indenture, Bond Insurer and CAISO Investment Policy