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For Immediate Release

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Refinancing of Bonds Saves $4.2 Million for Santa Margarita Water District Ratepayers

Rancho Santa Margarita, Calif. (December 1, 2009) – Santa Margarita Water District (SMWD) has refinanced its 1997 General Obligation bonds, resulting in a net present value savings of $4.2 million without increasing the payment period.

"We have a responsibility to our ratepayers to operate with sound fiscal practices so we can take advantage of market opportunities to save money," said Saundra F. Jacobs, President, SMWD Board of Directors. "We are especially pleased to be passing on the net savings to our ratepayers in this challenged economy."

The bond sale comes after both Standard & Poor's and Fitch assigned the SMWD bonds a 'AA' rating in mid-October. The General Obligation bonds were originally issued in 1997 for Improvement District Nos. 2, 2A, 3 and 4. SMWD customers who reside in Rancho Santa Margarita, Coto de Caza, Las Flores and Ladera Ranch are served by these Improvement Districts.

Despite challenging economic conditions, SMWD's strong credit ratings allowed the District to refinance outstanding obligations with a lower interest rate. The refunding bonds were sold at an all-in cost to SMWD of 2.68 percent and refund previously outstanding bonds that carried an average rate of 5.16 percent. In addition, the refinancing will not extend the payment period of the bonds - the new issue under Improvement District Nos. 2 and 2A will mature in August 2011; bonds issued under Improvement District Nos. 3 and 4 will mature in August 2018.

General obligation bonds issued by SMWD pay for water and sanitation facilities, including pipelines, reservoirs and pump stations, within SMWD's eight improvement districts.

About the Santa Margarita Water District
SMWD is Orange County's second-largest water district, serving more than 155,000 residents and businesses in Mission Viejo, Rancho Santa Margarita, Coto de Caza, Las Flores, Ladera Ranch and Talega. For more information, please visit www.smwd.com.

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