District of Columbia Deed Tax Revenue Bonds – Series 2010 Pricing Case Study

As highlighted in the attached below, we were pleased to collaborate closely with the District of Columbia to generate significant value with respect to the Deed Tax Revenue Bond transaction. The Bonds will finance a portion of the New Communities Initiative, a plan for the District that provides housing infrastructure, with a focus on public housing, and promotes social and community development.

M.R. Beal's sales team performed an extensive pre-marketing campaign for the District's bonds, resulting in a issue with two oversubscribed term bonds. M.R. Beal strives to achieve the lowest cost of capital for its clients by structuring bonds to meet investor preferences. For the District's transaction, we restructured the 2025 term maturity, serializing three of the sinking fund maturities to meet a particular investor's demand and providing the District with interest savings on the related maturities. M.R. Beal was able to bump the yield on the District's 2032 and 2040 term bonds relative to the initial pricing levels further reducing cost of capital for the District.

M.R. Beal welcomes the opportunity to discuss this transaction in further detail. If you would like any further information please contact: Bernard Beal or Robin Ginsburg at 212.983.3930.

District of Columbia Deed Tax Revenue Bonds
Series 2010 Pricing Case Study

$53,190,000

$23,190,000 Series 2010A
(Tax-Exempt Governmental Purpose)

$26,540,000 Series 2010B
(Tax-Exempt Multifamily Private Activity)

$3,460,000 Series 2010C
(Taxable)

District of Columbia

Tax Exempt Bonds Maturing: 2014-2040

Taxable Bonds Maturing: 2014

Rated: A1 / A

Book Running Senior Manager:

M·R·BEAL & COMPANY
Investment Bankers & Financial Advisors

Past performance is no indication/guarantee of future performance. Market conditions and other intervening factors may vary widely, thereby resulting in different outcomes.

- Week of pricing:
  - Light calendar, comprised of mostly non-high grade issues
  - Three treasury auctions, totaling $74 billion
  - FOMC interest rate announcement expected on the day of pricing
- Extensive pre-marketing campaign for the District's bonds, including:
  - NetRoadshow
  - Broad canvassing of potential investors
- Initiated the retail order period with pricing on all but one maturity through the consensus price views
- Over 32% of the tax-exempt bonds was placed with retail investors, the remainder was placed during the institutional order period
  - 2032 term bond was more than four times oversubscribed
  - 2040 term bond was more than three times oversubscribed
- The 2025 term maturity was restructured, serializing three of the sinking fund maturities, to meet a particular investor's demand
  - Restructuring this maturity saved the District over 35 basis points, on average, in interest costs on the related maturities
- The FOMC indicated that the recovery has slowed and that interest rates will be maintained at current levels
  - MMD was bumped one to two basis points
  - Pricing for other deals in the market moved in tandem with MMD relative to initial pricing levels
  - M.R. Beal was able to bump the yield on the District's 2032 and 2040 term bonds by six basis points relative to the initial pricing
- M.R. Beal underwrote $3 million of the bonds, to assist the District in meeting its financing objectives