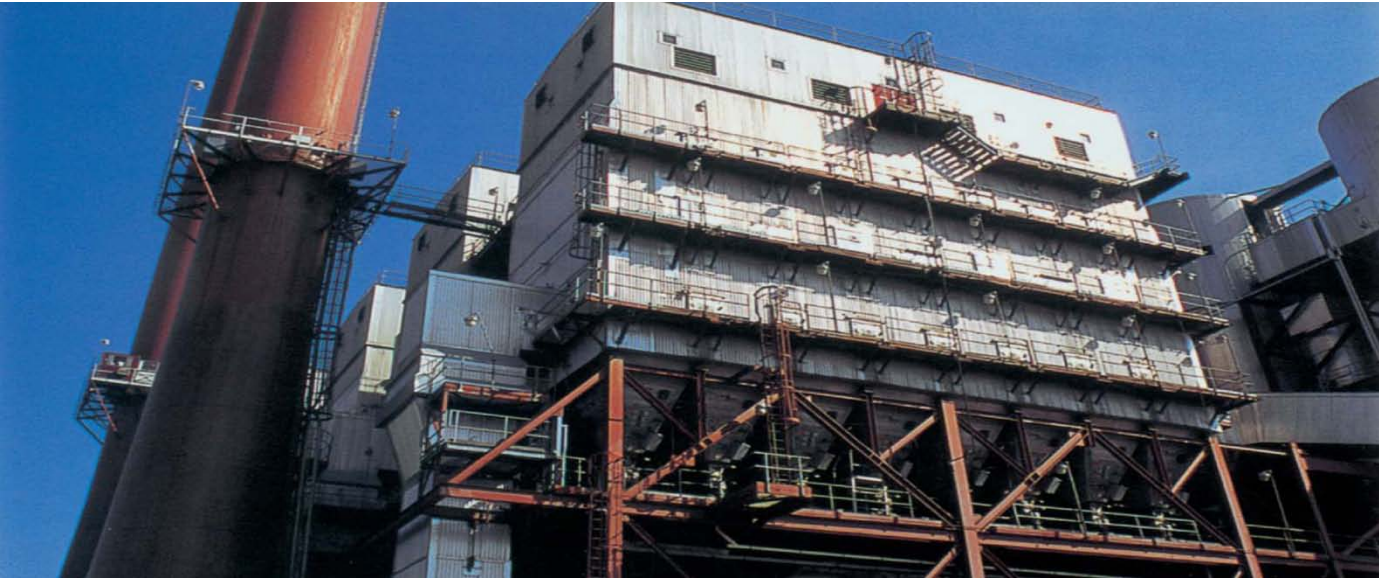


# Southeastern Public Service Authority of Virginia



**February 24, 2010**

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# Table of Contents

- I. Current Debt By Lender
- II. Debt Retirement Plan: Development
- III. Outstanding Principal After Defeasance
- IV. Guarantee Allocations
- V. Debt Retirement Plan: Process

# Current Debt By Lender

Outstanding Debt Prior to Defeasance														% of Total
FY	AMBAC		Wachovia		VA Beach		VRA Subordinate		VRA Guaranteed		Total Debt			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service	
2011	-	1,675,388	6,050,000	1,186,862	4,485,000	504,550	4,080,000	2,875,396	-	3,206,251	14,615,000	9,448,446	24,063,446	6.67%
2012	255,000	1,669,140	11,385,000	753,712	6,205,000	459,683	9,260,000	2,679,063	-	3,206,251	27,105,000	8,767,849	35,872,849	12.38%
2013	270,000	1,656,143	5,895,000	398,581	6,455,000	206,900	13,680,000	2,129,956	-	3,206,251	26,300,000	7,597,830	33,897,830	12.01%
2014	285,000	1,642,196	9,480,000	31,167	1,783,000	11,050	14,100,000	1,444,235	-	3,206,251	25,648,000	6,334,899	31,982,899	11.71%
2015	15,935,000	1,236,625	-	-	-	-	2,525,000	1,020,714	8,540,000	3,047,195	27,000,000	5,304,533	32,304,533	12.33%
2016	16,765,000	419,125	-	-	-	-	8,210,000	922,870	9,785,000	2,688,770	34,760,000	4,030,765	38,790,765	15.87%
2017	-	-	-	-	-	-	9,910,000	512,370	27,520,000	1,868,137	37,430,000	2,380,507	39,810,507	17.09%
2018	-	-	-	-	-	-	-	-	26,140,000	623,437	26,140,000	623,437	26,763,437	11.94%
Total	33,510,000	8,298,616	32,810,000	2,370,323	18,928,000	1,182,183	61,765,000	11,584,603	71,985,000	21,052,540	218,998,000	44,488,266	263,486,266	100.00%
% of Total	15.30%	18.65%	14.98%	5.33%	8.64%	2.66%	28.20%	26.04%	32.87%	47.32%	100.00%	100.00%		

**Note:** Assumes Wachovia loan will be paid off in equal amounts in 2010 and 2011. Excludes certain maturities for which funds have already been deposited with the Trustee.

# Debt Retirement Plan: Development

- Goals
  - Maximize use of proceeds and efficiency
  - Secure creditor consent
  - Leave reasonable residual debt service
  - Support IRS negotiations
  - Minimize risk
  
- Scenarios considered
  - Back-ended debt service
  - Reduced lien complexity
  - Capital markets alternative
  - “Strip call”, entirely pro rata
  
- VRA conditions
  - No increase in VRA percentage holding
  - Pro rata allocation
  - Level residual debt service
  - Guarantees

# Outstanding Principal After Defeasance

Outstanding Principal After Pro-rata Scenario with VA Beach Takeout							
FY	AMBAC	Wachovia	VA Beach	VRA Subordinate	VRA Guaranteed	Total Debt	% of Total
2011	-	-	-	4,080,000	-	4,080,000	5.27%
2012	90,000	5,230,000	-	3,250,000	-	8,570,000	11.07%
2013	95,000	5,260,000	-	4,805,000	-	10,160,000	13.13%
2014	100,000	8,460,000	-	2,045,000	-	10,605,000	13.70%
2015	5,590,000	-	-	885,000	3,000,000	9,475,000	12.24%
2016	5,885,000	-	-	2,880,000	3,435,000	12,200,000	15.76%
2017	-	-	-	3,480,000	9,650,000	13,130,000	16.97%
2018	-	-	-	-	9,170,000	9,170,000	11.85%
<b>Total</b>	<b>11,760,000</b>	<b>18,950,000</b>	<b>-</b>	<b>21,425,000</b>	<b>25,255,000</b>	<b>77,390,000</b>	<b>100.00%</b>
<b>% of Total</b>	<b>15.20%</b>	<b>24.49%</b>	<b>0.00%</b>	<b>27.68%</b>	<b>32.63%</b>	<b>100.00%</b>	

**Note:** Excludes certain maturities for which funds have already been deposited with the Trustee.

# Guarantee Allocations

Principal Obligation by Municipality - Pro-rata Scenario with VA Beach Takeout									
FY	Chesapeake	Franklin	Isle of Wight	Norfolk	Portsmouth	Southampton		Suffolk	Total
						County	Virginia Beach		
% Obligation	22.49%	0.97%	3.98%	16.98%	10.27%	2.10%	30.34%	12.87%	
2011	917,592	39,576	162,384	692,784	419,016	85,680	1,237,872	525,096	4,080,000
2012	730,925	31,525	129,350	551,850	333,775	68,250	986,050	418,275	3,250,000
2013	1,080,645	46,609	191,239	815,889	493,474	100,905	1,457,837	618,404	4,805,000
2014	459,921	19,837	81,391	347,241	210,022	42,945	620,453	263,192	2,045,000
2015	873,737	37,685	154,623	659,673	398,990	81,585	1,178,709	500,000	3,885,000
2016	1,420,244	61,256	251,337	1,072,287	648,551	132,615	1,915,971	812,741	6,315,000
2017	2,952,937	127,361	522,574	2,229,474	1,348,451	275,730	3,983,642	1,689,831	13,130,000
2018	2,062,333	88,949	364,966	1,557,066	941,759	192,570	2,782,178	1,180,179	9,170,000
Total	10,498,332	452,796	1,857,864	7,926,264	4,794,036	980,280	14,162,712	6,007,716	46,680,000

# Debt Retirement Plan: Process

- All \$218.998,000 outstanding as of 5/1/2010 will fall into one of four categories
  - Called
  - Defeased
  - Tendered
  - Outstanding
- Called bonds will be paid out as soon as possible
- Tendered bonds will be negotiated between Mesirow Financial and current owners
- Defeased bonds will be eliminated by a deposit of Aaa / AAA securities
  - Will have “negative arbitrage”
  - May become AAA / Aaa
- There will still be approximately \$77,390,000 outstanding to be repaid in 2011-2018



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