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## **WSJ: Washington, D.C., 'Green' Bond Greeted With Strong Investor Demand.**

### **District of Columbia Water and Sewer Authority Sells \$350 Million in 100-Year Bonds**

Investors are placing a 100-year bet on the water and sewer system in the nation's capital.

The District of Columbia Water and Sewer Authority had little trouble selling \$350 million in debt on Thursday, called "green bonds" because the proceeds will be used for environmentally friendly purposes. The deal was billed as the first-ever green bond to carry a 100-year maturity.

Demand for the bonds, rated in the double-A-range, was high enough that the authority increased the size of the sale from \$300 million. Investors placed orders for about \$1.1 billion worth of bonds, more than three times the bonds available.

Any bond that matures in 100 years is rare, although universities, highly-rated companies, and sovereign nations have issued them in the past.

The water authority's bonds on Thursday were priced to yield 4.814%. That is 1.45 percentage points more than 30-year Treasuries. Bankers organizing the bond sale suggested earlier in the day it could yield as much as 1.60 percentage points higher than Treasuries. Yields and prices move in opposite directions.

The sale, managed by Goldman Sachs Group Inc. and Barclays PLC, comes as issuance in green bonds is growing. The water authority plans to use the money to help construct a drainage system to prevent excess rainwater and sewage from discharging into the area's rivers, an effort dubbed the D.C. Clean Rivers Project.

"Right now I think there is greater demand than there is issuance for some of this green stuff," said Matthew Duch, portfolio manager at Calvert Investments, which put in an order for the bonds and runs a green bond fund. "Hopefully it's a sign of good things to come."

Traditional buyers for 100-year bonds include pension funds and insurance companies, but about \$100 million of the investor orders came from green-bond investors specifically. George Hawkins, general manager of the water authority, said that indicated the green bond "brought more investors to the table" than a regular bond might have.

The water authority deal follows green bond sales from municipal issuers including Massachusetts and the New York State Environmental Facilities Corp. Some U.S. corporations have also sold green bonds recently, including Bank of America Corp., Regency Centers LP and Vornado Realty LP. Previously, much of the green-bond issuance has come from international entities such as the World Bank.

"I think this is something that a number of other water, wastewater and power entities are going to look at," said Jeff Scruggs, managing director and co-head of the public sector and infrastructure group at Goldman Sachs.

Investors who bought the D.C. water authority's bond will be paid back with revenue from the water-and-sewer system, which collects fees from residential, commercial and governmental customers. In that sense, the bond will be like a typical municipal bond from a water-and-sewer utility.

Mr. Duch said his firm participated in the bond sale because the 100-year maturity matches the life of the drainage system, which is expected to last at least 100 years. He wasn't worried about whether the authority would pay back the bonds in 100 years, given that it serves the nation's capital.

"There's always going to be people here," said Mr. Duch, whose firm is based in Maryland, just outside of Washington, D.C.

By MIKE CHERNEY

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