



# NEWSFLASH!

## Rice Financial Serves as Sole Underwriter on \$69 Million Bond Transaction for Virgin Islands Water and Power Authority

NEW ISSUE - FULL BOOK ENTRY

**DIC Bond**  
RATINGS: See "Ratings" herein.

*In the opinions of Hawkins Delafield & Wood LLP, Bond Counsel to the Virgin Islands Water and Power Authority (the "Authority"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series 2012A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series 2012A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; interest on the Series 2012A Bonds, however, is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporation. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, interest on the Series 2012B and the Series 2012C Bonds is included in gross income for Federal income tax purposes under the Code. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, under existing statutes, interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the United States Virgin Islands (the "Virgin Islands") or any political subdivision thereof, and by any state, other territory, or possession of the United States or any political subdivision thereof, or by the District of Columbia. See "TAX MATTERS."*



\$69,145,000 VIRGIN ISLANDS WATER AND POWER AUTHORITY		
\$17,390,000 Electric System Revenue Refunding Bonds Series 2012A (Tax-Exempt)	\$19,690,000 Electric System Subordinated Revenue Bonds Series 2012B (Federally Taxable)	\$32,065,000 Electric System Subordinated Revenue Bonds Series 2012C (Federally Taxable)

Dated: Date of Delivery Due: July 1, as shown on the inside cover pages

Interest on the Authority's Electric System Revenue Refunding Bonds, Series 2012A (the "Series 2012A Bonds"), the Authority's Electric System Subordinated Revenue Bonds, Series 2012B (the "Series 2012B Bonds"), and the Authority's Electric System Subordinated Revenue Bonds, Series 2012C (the "Series 2012C Bonds") and, together with the Series 2012A Bonds and the Series 2012B Bonds, the "Series 2012 Bonds", is payable on July 1, 2012, and each January 1 and July 1 thereafter. The Series 2012 Bonds are issuable only in fully-registered form in denominations of \$5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), to which payments of principal and interest will be made. Purchasers will acquire beneficial interests in the Series 2012 Bonds, in principal amounts described on the inside cover, in book-entry form only. Purchasers of the Series 2012 Bonds will not receive physical delivery of bond certificates representing their interest in the Series 2012 Bonds so long as Cede & Co. is the nominee of DTC or otherwise as described herein. So long as Cede & Co. is the registered owner of the Series 2012 Bonds, principal of and interest on the Series 2012 Bonds are payable to Cede & Co., as nominee of DTC, by The Bank of New York Mellon Trust Company, N.A. (as successor to United States Trust Company of New York), as trustee (the "Trustee"). See "THE SERIES 2012 BONDS - Book-Entry-Only System."

The proceeds of the Series 2012A Bonds will be used, together with amounts on deposit in certain existing funds of the Authority, to (i) refund the Authority's Electric System Revenue Refunding Bonds, Series 1998, and (ii) pay certain costs of issuance of the Series 2012A Bonds.

The proceeds of the Series 2012B Bonds will be used to (i) refinance a portion of the Authority's Electric System Term Loan (defined herein), (ii) make a deposit into the Subordinated Debt Service Reserve Fund sufficient to satisfy the Series 2012B Subordinated Debt Service Reserve Fund Requirement and (iii) pay certain costs of issuance of the Series 2012B Bonds.

The proceeds of the Series 2012C Bonds will be used to (i) refinance the Electric System's Working Capital Lines of Credit (defined herein) and a portion of the Overdraft Credit Facility (defined herein), (ii) make a deposit into the Series 2012C Subordinated Debt Service Reserve Fund sufficient to satisfy the Subordinated Debt Service Reserve Fund Requirement and (iii) pay certain costs of issuance of the Series 2012C Bonds.

The 2012 Bonds are special, limited obligations of the Authority, payable solely from and secured by the sources and security pledged by the Electric Revenue Bond Resolution adopted by the Authority on June 8, 1998, as previously supplemented (the "General Resolution"), and as further supplemented by the Fourth Supplemental Bond Resolution to Electric Revenue Bond Resolution, adopted by the Authority on January 4, 2012 (the "Fourth Supplemental Resolution") and, together with the General Resolution, the "Senior Resolution"). The Series 2012B Bonds and the Series 2012C Bonds (collectively, the "Series 2012 Subordinated Bonds") are special, limited obligations of the Authority payable solely from and secured by the sources and security pledged by the Electric Revenue Subordinated Bond Resolution adopted by the Authority on May 17, 2007, as previously supplemented (the "Subordinated Bond Resolution") and as further supplemented by the Second Supplemental Subordinated Bond Resolution to the Electric Subordinated Revenue Bond Resolution adopted by the Authority on January 4, 2012 (the "Second Supplemental Subordinated Resolution") and, together with the Subordinated Bond Resolution, the "Subordinated Resolution"). The Series 2012A Bonds are secured on parity with all bonds issued under the Senior Resolution. The Series 2012 Subordinated Bonds are secured on parity with all bonds issued under the Subordinated Resolution. Payment of the Series 2012 Subordinated Bonds shall be subordinate in all respects to payment of all bonds issued under the Senior Resolution, including the Series 2012A Bonds.

THE SERIES 2012 BONDS SHALL NOT BE A DEBT OF THE VIRGIN ISLANDS OR THE UNITED STATES OF AMERICA NOR SHALL THE VIRGIN ISLANDS OR THE UNITED STATES OF AMERICA BE LIABLE THEREON. THE SERIES 2012 BONDS SHALL NOT BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE PLEDGED THERETO PURSUANT TO THE SENIOR RESOLUTION OR THE SUBORDINATED RESOLUTION, AS APPLICABLE. THE SERIES 2012 BONDS SHALL NOT BE PAYABLE OUT OF ANY MONIES FROM THE WATER SYSTEM OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

The Series 2012 Bonds will mature on July 1 in the years and in the principal amounts, and will bear interest at the rates, as shown herein. The Series 2012 Bonds are not subject to optional redemption prior to maturity. The Series 2012 Bonds are subject to mandatory sinking fund redemption prior to maturity as more fully described herein. See "THE SERIES 2012 BONDS - Redemption Provisions."

This cover page, including the inside cover pages, contains certain information for quick reference only. It is not a summary of this Official Statement. The purchase and ownership of the Series 2012 Bonds may involve investment risks. Prospective purchasers are urged to read this Official Statement in its entirety to obtain information essential to making an informed investment decision, giving particular attention to the matters discussed under "BONDHOLDER RISKS."

The Series 2012 Bonds are offered subject to prior sale, when, as and if issued by the Authority, subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Lowell M. Farrington, Esquire, General Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by Orrick, Herrington & Sutcliffe LLP, Washington, D.C., counsel to the Underwriter. It is expected that the Series 2012 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about May 3, 2012.

RICE FINANCIAL PRODUCTS COMPANY

Dated: April 25, 2012

On April 26, 2012, Rice Financial brought \$69.145 million in Electric System Revenue Bonds to market as sole underwriter on behalf of the Virgin Islands Water and Power Authority. The Series 2012 Bonds refunded outstanding bonds for savings and refinanced other obligations of the Authority.

Rice Financial is the top ranked senior managing underwriter of municipal bonds in the U.S. Virgin Islands to date this year. The firm senior managed another transaction for the VI Water and Power Authority in March 2010 totaling \$85 million.

**Smart. Creative. Rice.**

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All securities transactions are conducted through Rice Securities, LLC, MEMBER: FINRA/SIPC/MSRB, d/b/a Rice Financial Products Company.