

Municipal Market-TMWA

Fixed Rate Bonds

- Tax-exempt**
- Taxable**

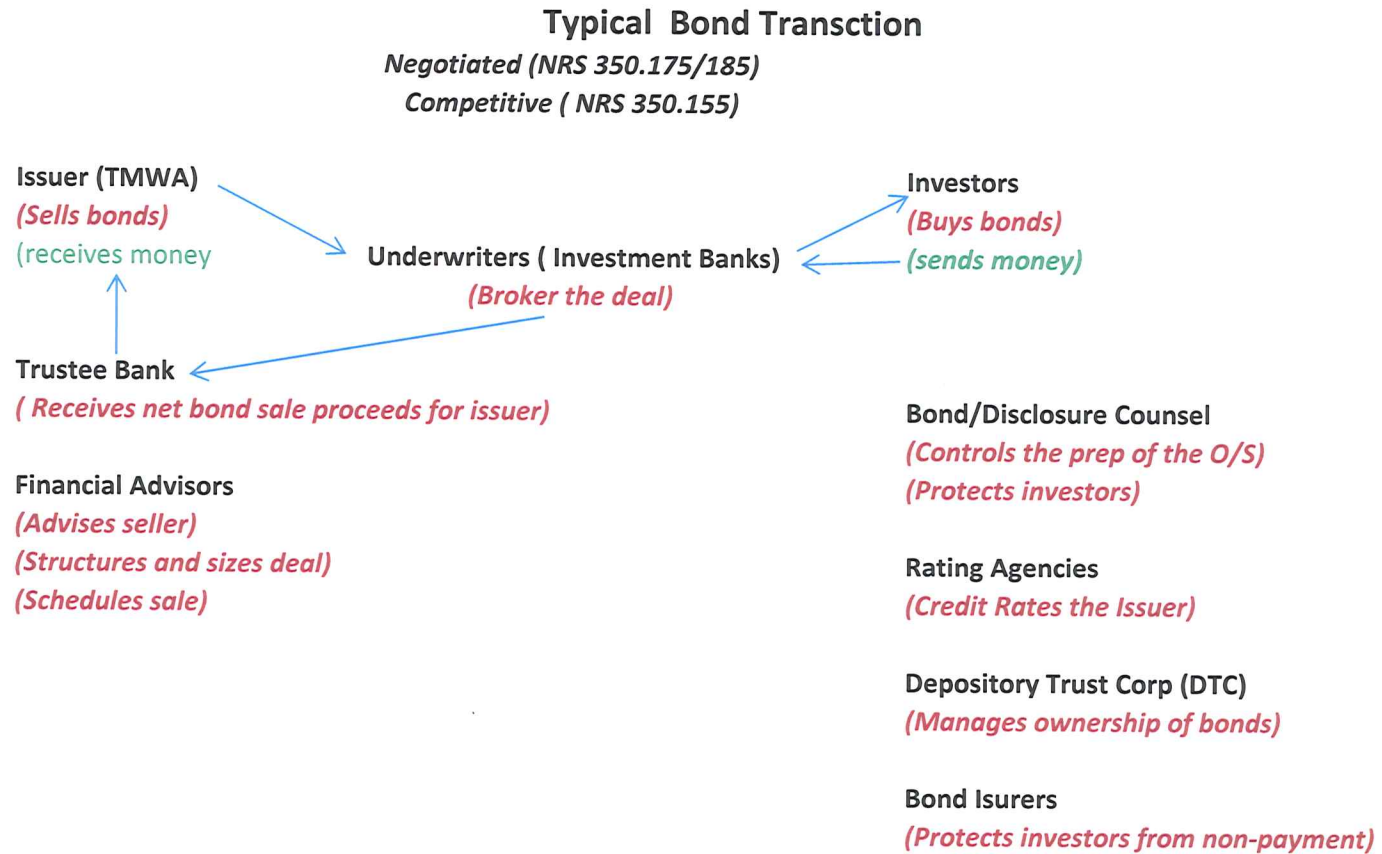
Short Term Notes (1-3 years)

Variable Rate Instruments

- Tax-exempt commercial paper (TMWA has this)**
- Variable Rate Demand Obligations (interest rates reset periodically)**
- Variable Rate Demand Notes-payable on demand mmr + x%**
- Auction rate securities-dutch auction at specified interest rate**

Synthetics-Interest rate related

- Forwards (TMWA has two FDA's for investment purposes)**
- Futures**
- Swaps**
- Options**
- combination of the aforementioned***



SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds from the sale of the Bonds (net of accrued interest) are expected to be applied in the following manner:

Estimated Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal amount of 2001A Bonds	\$448,810,000
Principal amount of 2001B Bonds	3,600,000
Less net original issue discount	(4,809,897)
Total	<u>\$447,600,103</u>
 USES:	
Acquisition Fund	
Series 2001A deposit	\$346,500,000
Series 2001B deposit	3,500,000
Start-up funding (1)	3,700,000
Other capital improvements (2)	40,059,561
Operations and maintenance funding (3)	6,000,000
Capitalized interest (4)	6,059,663
Costs of Issuance (including underwriting discount and bond insurance premium)	7,061,449
Operation and Maintenance Reserve Account	4,600,000
Reserve Account	<u>30,119,430</u>
Total	<u>\$447,600,103</u>

- (1) Represents amounts needed by the Authority to commence operations, including the purchase of insurance policies and vehicles, the transfer of water rights, procurement of office space, furniture, utilities, and other operating costs required prior to the first collection of rates and charges.
- (2) Represents an amount that, together with interest earnings at an estimated rate of 3% per annum, is expected to be sufficient to fund scheduled improvements in the first two years of the Authority's Capital Improvement Plan. See "THE WATER SYSTEM--Capital Improvement Plan" and the Engineer's Report attached hereto as Appendix F.
- (3) Provides approximately three months of projected operation and maintenance expenses.
- (4) Represents an amount that, together with interest earnings at an estimated rate of 3% per annum, is expected to be sufficient to pay interest on the Bonds through September 15, 2001.

The Project

Acquisition of the Water System. The majority of the proceeds of the Bonds will be used by the Authority to acquire the Water System, including without limitation, water rights and supplies, water storage rights and facilities, water distribution and treatment facilities, four hydroelectric generation facilities and related flumes and canals, buildings and other structures, and vehicles and equipment. See "THE WATER SYSTEM." Also see the Engineer's Report attached hereto as Appendix F for detailed descriptions of the Water System facilities.

MATURITY SCHEDULES

2001A BONDS

Serial Bonds

Maturing (July 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	Maturing (July 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	Price or <u>Yield</u>
2005	\$1,900,000	3.7 %	3.73%	2013*	\$ 9,790,000	5 ½ %	4.76%
2005	1,020,000	5	3.73	2014*	10,330,000	5 ½	4.85
2006	2,160,000	3 7/8	3.88	2015	1,500,000	4.95	4.97
2006	4,690,000	5 ½	3.88	2015*	9,395,000	5 ½	4.95
2007	1,640,000	4.05	4.06	2016	635,000	5.05	100
2007	5,555,000	5 ½	4.06	2016*	10,855,000	5 ½	5.03
2008	4,050,000	4.2	100	2017*	12,115,000	5 ½	5.09
2008	3,515,000	5 ½	4.20	2018	180,000	5.15	5.16
2009	560,000	4.3	4.32	2018*	12,605,000	5 ½	5.14
2009	7,370,000	5 ½	4.32	2019	40,000	5.15	5.18
2010	485,000	4.4	4.42	2019*	13,445,000	5 ½	5.18
2010	7,870,000	5 ½	4.42	2020	45,000	5 ¼	5.28
2011	475,000	4 ½	4.52	2020	14,180,000	5 1/8	5.28
2011	8,335,000	5 ½	4.52	2021	410,000	5 ¼	5.30
2012	1,455,000	4.65	100	2021	14,545,000	5 1/8	5.30
2012*	7,835,000	5 ½	4.65				

*Priced to call on July 1, 2011 at par.

\$1,080,000 5.35% Term Bond due July 1, 2025. Priced to Yield: 5.36%.
 \$66,690,000 5% Term Bond due July 1, 2025. Priced to Yield: 5.36%.
 \$100,000 5.4% Term Bond due July 1, 2030. Priced to Yield: 5.41%.
 \$105,785,000 5 1/8 % Term Bond due July 1, 2030. Priced to Yield: 5.41%.
 \$535,000 5.4% Term Bond due July 1, 2034. Priced to Yield: 5.44%.
 \$105,635,000 5 1/4 % Term Bond due July 1, 2034. Priced to Yield: 5.44%.

(Plus accrued interest from June 1, 2001)

2001B BONDS

Serial Bonds

Maturing (July 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Price</u>
2005	\$3,600,000	5 ¾ %	100%

(Plus accrued interest from June 1, 2001)

**Truckee Meadows Water Authority
2010 Advanced Refunding \$28,240,000
Sources and Uses of Funds**

Sources

Bond Proceeds	Par Amount	28,240,000.00
	Net Original Premium	<u>3,575,676.30</u>
	Gross Proceeds from bond sale	31,815,676.30

Other Sources of Funds:

	Interest Account	<u>270,554.17</u>
		270,554.17
	Total Sources	<u><u>\$ 32,086,230.47</u></u>

Uses:

Refunding Escrow Deposits:

	Cash Deposit	0.58
	T-Notes from Bond proceeds	31,455,533.46
	SLGS Purchases	<u>270,553.70</u>
		31,726,087.74

Delivery Date Expenses

	Cost of Issuance	237,532.70
	Underwriter's Discount	119,073.96
	Internal expenses	<u>3,536.07</u>
		<u>360,142.73</u>
	Total Uses of Funds	<u><u>\$ 32,086,230.47</u></u>

**Truckee Meadows Water Authority
2011 Current Refunding \$11,425,000
Sources and Uses of Funds**

Sources:

Note Proceeds 6/28/2011	\$ 11,400,000.00
TMWA cash contributions	<u>25,000.00</u>
Total Sources	<u>11,425,000.00</u>

Uses:

Escrow Deposits to call date 7-01-2011:

Called July 1, 2012 maturity	1,455,000.00
Called July 1, 2012 maturity	7,835,000.00
Called July 1, 2015 maturity	1,500,000.00
Called July 1, 2016 maturity	<u>635,000.00</u>
	11,425,000.00

TMWA Paid Issuance Expenses

Cost of Issuance-Legal	39,324.11
	<u>39,324.11</u>

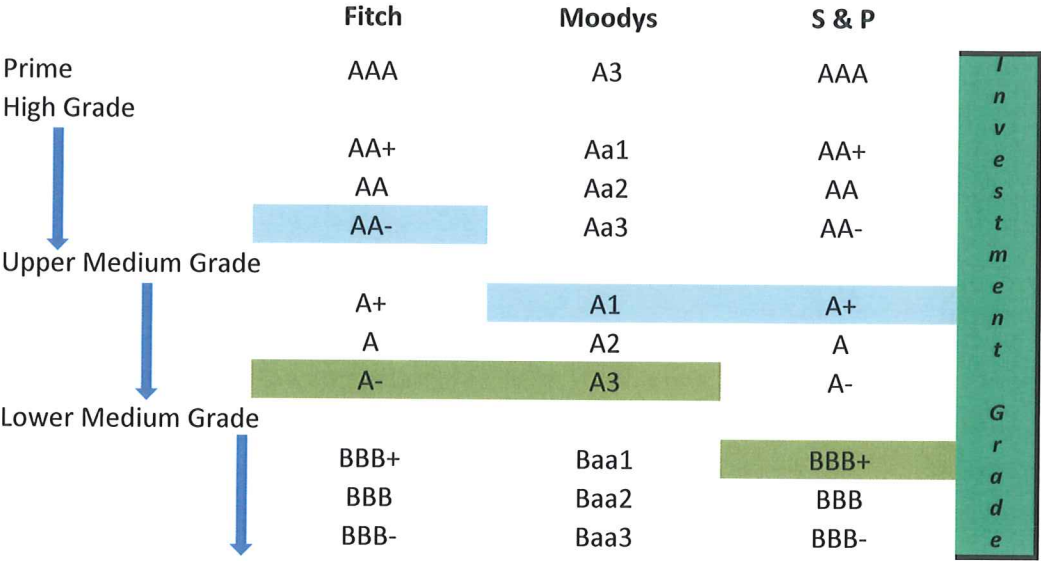
Call date 7/01/2011

Special collateralization for non-interest bearing deposits

Credit Rating Agencies and Credit Rating Structure

Long Term Bond Ratings

The Big Three Rating Agencies (90-95% of world share of ratings)



TMWA currently
 TMWA at inception

Credit Rating Agencies' Criteria

Characteristics of a Strong Credit

Financial Profile

Total Debt Service Coverage (DSC) = > 2.0 (x)

→ Days cash/days of working capital = > 1year

Free Cash relative to depreciation = > 100%

Residential charges for combined water sewer utilities <= 0.6% to 1.2% of MHI

→ Significant % of revenues recovered through base charges vs. volumetric charges

Debt Profile

Existing and projected debt/customer <= \$1,500

→ Debt funding of capital spending <= 50%

Amortization of principal >= 90% in the ensuing 20yrs

Rate covenant of > 1.25x of ADS by net revenues

→ ABT of more than 1.25x of MADS by historical measures

→ DSRF funded with cash

Operating Profile

→ Customer accounts stable or growing < 1%/yr

Top ten customers for retail utilities are 5% of system revenues

No customer is 2% of system revenues

→ Treatment capacity in excess of 40% of demand or flows

→ Annual renewal of 100% or more of depreciated assets Combined

→ Full regulatory compliance

→ Unbilled unaccounted water <10%

Characteristics of a Moderate Credit

Financial Profile

→ Total Debt Service Coverage (DSC) = > 1.5 (x)

Days cash/days of working capital = > 1/2 year

→ Free Cash relative to depreciation = 85%

Residential charges for combined water sewer utilities <= 0.8% to 1.5% of MHI

About 10% of revenues recovered through base charges vs. volumetric charges

Debt Profile

Existing and projected debt/customer <= \$1,800

Debt funding of capital spending <= 75%

Amortization of principal >= 80% in the ensuing 20yrs

Rate covenant of > 1.15x-1.20x of ADS by net revenues

ABT of more than 1.15x-1.20x of ADS by historical measures

DSRF funded with cash or surety policies

Operating Profile

Customer accounts stable or growing 1%-3%/yr

→ Top ten customers for retail utilities are 10% of system revenues

→ No customer is > 5% of system revenues

Treatment capacity in excess of 30% of demand or flows

→ Some deferred maintenance

Limited regulatory non-compliance

Unbilled unaccounted water <12%

Characteristics of a Weaker Credit

Financial Profile

Total Debt Service Coverage (DSC) = > 1.25 (x)

Days cash/days of working capital = < 1/4 year

→ Free Cash relative to depreciation = 60%

→ Residential charges for combined water sewer utilities <= 1.0% to 2.0% of MHI

Little or no revenues recovered through base charges vs. volumetric charges

Debt Profile

→ Existing and projected debt/customer <= \$2,100

Debt funding of capital spending >= 90%

Amortization of principal <= 70% in the ensuing 20yrs

Rate covenant of <= 1.10x of ADS by net revenues

ABT of <= than 1.10x of ADS by historical measures

No debt service reserve

Operating Profile

Customer accounts stable or growing > 3%/yr

Top ten customers for retail utilities are 20% of system revenues

No customer is > 10% of system revenues

Treatment capacity in < 20% of demand or flows

Significant deferred maintenance

Material regulatory non-compliance

Unbilled unaccounted water >15%

Bond/Note Market Regulatory/Legal Environment

SEC Act 1934-continuing disclosure Rule 15c2-12

(Financial Information and Operating Data)

Internal Revenue Service (IRS)

Code Section 103 tax exemption

Code Section 55 Alternative Minimum Tax

Code Section 148 & 149 Arbitrage rebate and yield restriction

Municipal Securities Rulemaking Board (MSRB)

Regulates markets/financial advisors/ underwriters
to prevent fraud and market manipulation
and conflicts of interest

Nevada Revised Statutes

Chapter 350 of the Nevada Revised Statutes (NRS)

NRS 350.155 Competitive Sales

NRS 350.175/185 Negotiated Sales

TRUCKEE MEADOWS WATER AUTHORITY
SCHEDULE OF CHANGES IN DEBT
FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002 and 2001
(UNAUDITED)

	Final Maturity Date	Authorized	Balance June 30,2011	Balance 6/30/2010	Balance 6/30/2009	Balance 6/30/2008	Balance 6/30/2007	Balance 6/30/2006	Balance 6/30/2005	Balance 6/30/2004	Balance 6/30/2003	Balance 6/30/2002	Balance 6/30/2001
2001 A Water Revenue (Tax Exempt) Bonds, 3.70%-5.5%	7/1/2034	\$ 448,810,000	\$ 8,810,000	\$ 28,590,000	\$ 66,035,000	\$ 73,600,000	\$ 80,795,000	\$ 299,920,000	\$ 448,810,000	\$ 448,810,000	\$ 448,810,000	\$ 448,810,000	\$ 448,810,000
2001B Water Revenue (Tax Exempt) Bonds, 3.70%-5.5%	7/1/2034	\$ 3,600,000							\$ 3,600,000	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000	\$ 3,600,000
2005 Water Revenue DWSRF (Tax Exempt) Bonds 3.21%	7/1/2026	4,669,565	\$ 3,772,931	3,983,431	4,187,333	4,384,844	4,576,165	4,669,565	1,710,236				
2005 A Water Revenue (Tax Exempt) Bonds 4.25%-5.00%	7/1/2036	40,000,000	\$ 37,180,000	37,920,000	38,635,000	39,330,000	40,000,000	40,000,000					
2006 Water Revenue (Tax Exempt) Refunding Bonds 3.50%-4.875%	7/1/2034	150,745,000	\$ 149,815,000	150,135,000	150,445,000	150,745,000	150,745,000	150,745,000					
2007 Water Revenue (Tax Exempt) Refunding Bonds 4.00%-5.00%	7/1/2030	218,975,000	\$ 216,605,000	217,005,000	217,385,000	217,745,000	218,975,000						
2009 Water Revenue DWSRF ARRA (Tax Exempt) Bonds 0%	7/1/2026	3,000,000	\$ 2,282,661	2,309,945									
2010 Water Revenue (Tax Exempt) Refunding Bonds 5.00%	7/1/2016	28,240,000	28,240,000	28,240,000									
2010 Water Revenue DWSRF (Tax Exempt) Bonds 3.25%	TBD	8,500,000	3,921,904	201,110									
Subtotal			450,627,496	468,384,486	476,687,333	485,804,844	495,091,165	495,334,565	454,120,236	452,410,000	452,410,000	452,410,000	452,410,000
Less: Unamortized net bond discount (premium)			(3,440,321)	(4,371,510)	(2,267,963)	(2,672,587)	(3,077,212)	3,042,065	4,219,184	4,364,941	4,510,696	4,656,450	4,834,927
Less: Unamortized Valuation Allowance on refundings			14,494,413	16,792,655	17,104,622	19,026,414	20,830,189	6,025,396					
Total Debt Before Tax Exempt Commercial Paper			439,573,404	455,963,341	461,850,674	469,451,017	477,338,188	486,267,104	449,901,052	448,045,059	447,899,304	447,753,550	447,575,073
TMWA Tax-Exempt Commercial Paper		160,000,000	79,400,000	68,000,000	68,000,000	68,000,000	43,000,000						
Total Debt			<u>\$ 518,973,404</u>	<u>\$ 523,963,341</u>	<u>\$ 529,850,674</u>	<u>\$ 537,451,017</u>	<u>\$ 520,338,188</u>	<u>\$ 486,267,104</u>	<u>\$ 449,901,052</u>	<u>\$ 448,045,059</u>	<u>\$ 447,899,304</u>	<u>\$ 447,753,550</u>	<u>\$ 447,575,073</u>