TRUCKEE MEADOWS WATER AUTHORITY

To: Standing Advisory Committee Members
From: Jeff Tissier, Chief Financial Officer (outgoing)
Date: March 30, 2016
Subject: Presentation on Results of TMWA's 2016 Refunding Bond Issue

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Recommendation

The Standing Advisory Committee accept this report.

Discussion

TMWA successfully refinanced (refunded) its Series 2006 Refunding Bonds with a new bond issue, the Series 2016 Refunding Bonds. The refunding accomplished many significant goals which are very beneficial to TMWA customers. These achievements are a direct result of attaining specific milestones, which are related to attaining certain credit ratings.

TMWA's General Manager, outgoing Chief Financial Officer/Treasurer, incoming Chief Financial Officer/Treasurer, and Financial Controller, along with other members of the financing team, met with two credit rating agencies, Moody's and Standard and Poors in advance of the refunding. The results of these meetings were reaffirmation of the "AA stable outlook" credit rating from Moody's, and an upgrade in credit rating from "AA- positive outlook" to "AA stable outlook" from Standard and Poors. The credit rating upgrade and reaffirmation set the stage for the upcoming refunding. The success of the water utility merger and the implementation of the Truckee River Operating Agreement, along with strong operational and financial management metrics underpinned the credit ratings. TMWA was able to successfully differentiate itself from other western water utilities in terms of drought resiliency which was recognized by the credit rating bureaus. The credit rating reports are attached.

With the credit ratings in hand and after rewriting the bond offering documents, TMWA approached the bond market and specific institutional bond investors with a tremendous story of recent successes. The investors responded with the following excellent results:

- Replaced $147.6 million in Series 2006 Refunding Bonds with $124.8 million in Series 2016 Refunding Bonds and essentially eliminating $22.8 million in outstanding principal by virtue of the refunding transaction.

- Achieved $15.0 million in savings in today's dollars (net present value savings), or 10.2%, on refunded principal – an excellent result and well above the minimum 3% threshold as disclosed in TMWA's Debt Management Policy.
- The Series 2016 Refunding Bond offering was overwhelmed with $774.3 million in bond purchase orders – an oversubscription of 6.2 to 1. This oversubscription allowed TMWA to negotiate a reduction in interest and achieve nearly $0.8 million in additional savings on the day of bond pricing.
- Successfully defer $39.1 million in principal payments in fiscal years 2017, 2018 and 2019 to fiscal years 2035, 2036 and 2037 which provided TMWA precious financial flexibility.

The last result cannot be understated. As seen with other western water utilities suffering from the extended drought, water sale revenues declined significantly due to voluntary or mandatory conservation measures. For many of these water utilities significant water rates increases had to be imposed. This refunding allows TMWA valuable time to financially position itself in a manner to avoid such a negative impact on customers. In addition, the results of this refunding indicate, that in a favorable interest rate environment, TMWA's next refunding transaction of the $200 million in outstanding Series 2007 Refunding Bonds could potentially be more successful than the aforementioned results further benefitting TMWA's customers.

Congratulations to TMWA and its customers!

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
14 March 2016

New Issue

Rate this Research

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Truckee Meadows Water Authority, NV

New Issue - Moody's Assigns Aa2 to TMWA, NV's Water Revenue Bonds 2016

Summary Rating Rationale.

Moody's Investors Service assigned a Aa2 rating to Truckee Meadows Water Authority, Nevada's (TMWA) Water Revenue Refunding Bonds, Series 2016 in the estimated amount of $148 million. Moody's maintains a Aa2 rating and stable outlook on the authority's parity debt outstanding in the approximate amount of $243 million.

The Aa2 rating primarily reflects the authority's sizable service base including the Reno-Sparks area, consistently very strong liquidity that mitigates modest debt service coverage, and satisfactory legal provisions. Also, the system has modest capital needs that will be financed predominantly on a pay-go basis.

Credit Strengths

» Strong liquidity bolsters financial flexibility

» Manageable capital needs that do not require significant additional debt

» Standard legal provisions, plus favorable monthly set asides for debt service

» More than sufficient water supplies projected to meet long-term growth in user population

Credit Challenges

» Modest debt service coverage

» Near-term revenue volatility from significant voluntary conservation by customers

» Ongoing drought conditions in the western US

Rating Outlook

The stable outlook reflects TMWA's prudent management practices that include multi-year financial and capital planning, and the board's willingness to regularly increase water rates that support strong liquidity and fund most capital needs on a pay-go basis. We also expect the authority will maintain more than sufficient water supply to meet demand despite the ongoing drought in the western US and that management will pursue conservation measures as needed. Management also plans conservatively for persistently low water conditions.

Factors that Could Lead to an Upgrade

- Consistently stronger debt service coverage
- Significant strengthening of the service area, including appreciation in socioeconomic measures and continued economic diversification

Factors that Could Lead to a Downgrade

- Substantial deterioration of liquidity
- Protracted weakness in debt service coverage
- Unwillingness to adopt prudent rate increases

Key Indicators

Truckee Meadows Water Authority, NV					
System Characteristics					
Asset Condition (Net Fixed Assets / Annual Depreciation)	32 years				
System Size - O&M (in $000s)	42,215				
Service Area Wealth: MFI % of US median	100.7%				
Legal Provisions					
Rate Covenant (x)	1.25				
Debt Service Reserve Requirement	DSRF funded at lesser of standard 3-prong test				
Financial Strength					
	2011	2012	2013	2014	2015
Operating Revenue ($000)	76,246	81,790	85,577	84,315	90,029
O&M ($000)	33,220	34,273	37,101	36,290	42,215
Long-Term Debt ($000)	518,973	508,996	507,160	495,957	518,332
Annual Debt Service Coverage (x)	1.40	1.51	1.61	1.57	1.77
Cash on Hand	532 days	675 days	590 days	636 days	908 days
Debt to Operating Revenues (x)	6.8x	6.2x	5.9x	5.9x	5.8x

Source: Moody's Investors Service

Recent Developments

FY2015 audited financial results indicated strong financial performance and overall solid financial metrics. Debt service coverage improved to nearly 1.8 times net revenues. The authority's liquidity is outsized compared to many peers with unrestricted cash equivalent to 908 days' operating expenses ($105 million) as of FY2015. Cash improved significantly from the prior year due to merger activity, including the consolidation of the assets of the former Washoe County water utility that provided TMWA with total additional liquidity of $33.7 million.

For FY2016, management anticipates weak financial performance driven significantly by a voluntary decline of over 10% from prior peak water usage leading to a $7 million decline in sale revenues for the year. Also, TMWA did not implement a rate increase for the year given the utility's strong finances and management's desire to operate for one year post-merger before adopting new rate hikes. As a result, debt service coverage is expected to decline to approximately 1.4 times net revenues. However, there is some potential upside for performance since expenses are tracking 4.2% ($2.2 million) year-to-date below budget.

Cash will likely be impacted sometime in March 2016 by the anticipated purchase of the remaining half of water storage rights for Donner Lake, which is approximately 4,750 acre-feet annually, for $17.5 million from the Truckee-Carson Irrigation District. This one-time cost amounts to well below the one-time cash infusions from the recent mergers back in 2014 with the region's smaller water providers (discussed below), and would also dismiss outstanding litigation with the district over the administration of the lake's water rights.

The Truckee River Operating Agreement (TROA) was adopted in 2008 with implementation that was effective December 1, 2015. The agreement coordinates and clarifies the operation of Lake Tahoe, other federally-permitted reservoirs, and Donner and Independence lakes. TROA is expected to beneficially provide additional flexibility to increase upstream water storage incrementally for drought reserves including the new ability to store water in winter months without detriment to recreation activities or the ecosystem. In 2016, management anticipates having 39,000 acre-feet of upstream reserves compared to 26,000 acre-feet in 2015, with the expectation of eventually storing 75,000 acre-feet of upstream reserves. Parties to TROA include TMWA, the United States, the states of California and Nevada, and the Pyramid Lake Paiute Tribe.

Detailed Rating Considerations

Service Area and System Characteristics: Utility Covers Reno Metro Area; Ample Water Rights from Owned and Shared Federal Resources

TMWA serves mostly the Reno (A1 stable) metro area along the state's western border with California. The system has a sizable user base of approximately 120,000 accounts inclusive of 24,800 accounts recently added at calendar year-end 2014 from the merger with the Washoe County water utility and the South Truckee Meadows General Improvement District (STMGID). These providers merged into TMWA following prior state legislation (SB487) that required local water providers in the region to investigate prudent consolidation of services. An estimated 88% of customers are residential users and minimize revenue concentration such that the ten largest users comprised only 9.2% of operating revenues as of FY2015.

Median family income for Washoe County was moderate at 100.7% of the US according to data from the 2012 American Community Survey, which was somewhat diminished by the presence of retirees and college students. The unemployment rate in Washoe County improved to 5.6% in November 2015 but remained above both the state and US. The local economy features long-time gaming attractions, higher education and healthcare, along with a growing high-tech sector.

Management expects TMWA's extensive water rights will remain sufficient to meet demand that was approximately 82,000 acre-feet of water as of 2015 relative to rights that total 176,050 acre-feet after the recent merger. The system is ultimately supplied by the Truckee River system that flows between northeast California and western Nevada. The river is fed by federally controlled Lake Tahoe and flows from various regionally shared reservoirs and downstream resources like the TMWA-owned Donner and Independence lakes. TMWA-controlled resources alone provide 22,250 acre-feet, not including the expected purchase of remaining Donner rights. The authority uses between a 3-8% share of Truckee River flows and Lake Tahoe's total capacity of over 740,000 acre-feet, and varying small shares of the Boca, Stampede and Prosser reservoirs located downstream from Lake Tahoe with total storage capacity of almost 300,000 acre-feet that support the Truckee River's annual supply. Also, officials noted that Donner and Independence lakes typically fill to capacity annually with 9,500 and 17,500 acre-feet of available storage, respectively, despite fluctuating weather patterns due to large drainage areas relative to the sizes of the lakes. The majority of TMWA's other water supply is provided by its groundwater rights with available volume of at least 42,600 acre-feet.

The water system maintains ample production capacity to meet peak demand. For FY2015, peak-day water demand was 119.7 million gallons, down 1.4% from the prior year, and well below production capacity of over 220 million gallons per day collectively available from groundwater and wells. Also, the system has been in full compliance with state and federal regulations since its inception.

Debt Service Coverage and Liquidity: Modest Coverage to Weaken in Near-Term Mitigated by Very Strong Cash Position

Debt service coverage remains adequate and above covenant requirements (discussed above), but nevertheless below medians for similarly rated peers. National medians for Aa rated water utilities indicate coverage in excess of 2.0 times net revenues, but TMWA's weakness is mitigated by a consistently strong cash position that is substantially greater than many peers. TMWA also has the ability to adjust service rates at the local level to support coverage.

LIQUIDITY

Certain other cash resources - beyond its considerable unrestricted liquidity (discussed above) - are considered restricted and legally required reserves but may be used for specified needs but with future payback requirements. Specifically, the operations and maintenance ($7.6 million as of FY2015), renewal and replacement reserves ($25.7 million), and a stabilization account with $500,000.

Debt and Legal Covenants: High Debt Burden but Little Borrowing Planned; Overall Standard Legal Provisions

The authority's debt burden is somewhat high at 5.6 times operating revenues currently, which corresponds to lower-rated peers, but is considered manageable given adequate debt service coverage and very strong liquidity. Also, TMWA is a relatively young utility that is only 16 years old and previously needed to acquire water rights that are long established for older water providers. However, future debt plans are limited to only a state revolving fund loan of up to $15 million for a water main project while the vast majority of current capital needs will be funded on a pay-go basis.

Legal provisions are standard compared to many peers nationally. The rate covenant requires TMWA to maintain net revenues of 1.25 times annual debt service. The additional bonds test requires net revenues of 1.25 times peak debt service for parity bonds or 1.25 times total annual debt service for additional second lien debt. The flow of funds feature atypical monthly set aside requirements for upcoming debt interest and principal payments that provide additional bondholder security atypical of utility revenue bonds.

The debt service reserve requirement is the standard three-prong test and funded with cash, including the current offering. A springing covenant will allow TMWA to abolish the reserve fund upon the retirement of outstanding Series 2006 and 2007 parity debt, which is currently not scheduled until the 2030s, and typically is a credit weakness but would be mitigated if the authority maintains very strong liquidity.

DEBT STRUCTURE

TMWA's debt is predominantly first lien revenue bonds, but there are also subordinate state loans ($17.4 million outstanding) and rolling commercial paper with a third lien on net revenues ($93.8 million). Pre-refunding, 40% of principal is retired within ten years with full amortization of existing debt by 2036. Scheduled debt service for first lien debt fluctuates modestly around $31 million annually (pre-refunding), and debt service for outstanding subordinate loans is flat at $1.8 million then declines sharply after FY2025. The current refunding may restructure near-term maturities of 2006 bonds to defer principal to the end of the authority's amortization schedule to bolster coverage and provide time for potential, additional rate increase to benefit operating performance through FY2019; nevertheless, the refunding is still expected to yield debt service savings.

The authority's commercial paper program began in 2006, and TMWA may draw up to $148.6 million, though the authority currently has no plans for additional draws. The Bank of Tokyo-Mitsubishi UFJ Ltd. (A1 stable with P-1 short-term rating) is the current provider for the program's direct pay letter of credit facility that expires on May 29, 2018 following the latest extension in 2014. The program's resolution stipulates that the term of the program is the earlier of expiration of the then outstanding letter of credit or July 1, 2036. Interest rates are affordable for the program, including rates below 0.2% so far in 2016. The initial draws under the program funded purchases of water rights commitments to developers, then later draws provided interim funding for construction projects, and the draw in 2014 affordably retired outstanding debt of the county's water utility that was assumed by TMWA.

DEBT-RELATED DERIVATIVES

The authority is not exposed to debt-related derivatives.

PENSIONS AND OPEB

TMWA participates in the Nevada Public Employees' Retirement System (PERS), a cost sharing, multiple-employer and defined-benefit plan. Annual pension contributions are an operating expense and escalated annually but averaged $3.2 million for FY2013-15. The authority annually pays 100% of the actuarially required contribution owed to PERS including $3.6 million in FY2015 (8.5% of operating expenses).

Also, the authority offers OPEB to certain qualified retirees for health and life insurance coverage that are essentially fully funded, according to a 2014 actuarial valuation of the plan's assets that include an irrevocable trust.

Management and Governance: Prudent Leadership and Conservative Planning

TMWA benefits from unilateral authority to increase rates and charges, and rates are raised in most years at a modest pace. Most recently, rate increases were adopted for a three-year period but the last increase, for 2015, was not implemented since management decided the utility's financial position was strong, and also wanted to observe how the merged system performs in its first year. The rate increase in FY2014 averaged 3.4% for customers. Small, additional rate increases are expected over the next five years and will be contemplated in the authority's updated financial forecast, currently being formulated, and any increases would be subject to board approval. Officials noted that, if needed, more aggressive rate increases may be implemented to reduce water demand if the drought persists especially since average residential bills are considered affordable at $46 per month. The board comprises seven appointees from Reno, Sparks, and Washoe County.

TMWA's five-year capital plan is moderate at $150 million and management anticipates funding projects on a pay-go basis without significant, additional debt. Capital projects are mostly for improvements to treatment facilities and the system's distribution network that will keep the system in a healthy condition. Longer-range planning is driven by the authority's water resource plan for the 2015-35 period that will be updated in Spring 2016. Officials prudently plan to a nine-year dry cycle that mirrors the worst drought on record plus an additional year, and drought conditions in the West for the last few years are reportedly following that trend.

Management will continue to review rates for the former county-served areas and determine future rate schedules. Officials note that cost of service for newly acquired accounts is similar to TMWA, net of debt service, and should not require substantial, immediate adjustments to service rates. The former STMIGD customers will migrate to TMWA rates upon the sales of properties, and the legacy service rates of former county customers will be reviewed annually.

Legal Security

The bonds are secured by a first lien pledge on revenues, net of operating expenses.

Use of Proceeds

The current offering will refinance certain maturities of the authority's outstanding Water Revenue Refunding Bonds, Series 2006.

Obligor Profile

TMWA provides water service to large portions of Washoe County, including Reno and Sparks. The authority is only 16 years old and created under joint powers authority pursuant to a cooperative agreement between the county and the cities of Reno and Sparks. TMWA acquired the capital assets of the former investor-owned utility provider in the service area, which was a predecessor of NV Energy.

Methodology

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in December 2014. Please see the Ratings Methodologies page on www.moodys.com for a copy of this methodology.

Ratings

Exhibit 2

TRUCKEE MEADOWS WATER AUTHORITY, NV

Issue	Rating
Water Revenue Refunding Bonds, Series 2016	Aa2
Rating Type	Underlying LT
Sale Amount	$148,000,000
Expected Sale Date	03/23/2016
Rating Description	Revenue: Government Enterprise

Source: Moody's Investors Service

REPORT NUMBER 1019557

MOODY'S
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Summary:
Truckee Meadows Water Authority, Nevada; Water/Sewer

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Summary:

Truckee Meadows Water Authority, Nevada; Water/Sewer

Credit Profile		
US$126.395 mil wtr rev rfdg bnds ser 2016 due 07/01/2036		
Long Term Rating	AA/Stable	New
Truckee Meadows Wtr Auth wtr rev rfdg bnds		
Long Term Rating	AA/Stable	Upgraded
Truckee Meadows Wtr Auth wtr		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded

Rationale

Standard & Poor's Ratings Services raised its long-term rating and underlying rating (SPUR) to 'AA' from 'AA-' on the Truckee Meadows Water Authority, Nev.'s existing water revenue bonds. At the same time, Standard & Poor's assigned its 'AA' long-term rating to the authority's series 2016 water revenue refunding bonds. The outlook is stable.

The upgrade reflects the application of Standard & Poor's revised water and sewer utility revenue criteria, as well as the authority's continued strong liquidity and coverage metrics although coverage may be slightly weaker in fiscal 2016.

The ratings reflect our view of the authority's strong enterprise risk profile and very strong financial risk profile. The strong enterprise risk profile includes:

- Participation in the strong Reno metropolitan statistical area (MSA), which has a broad and diverse economic base;
- Good income levels and moderate unemployment rates;
- Moderate residential rates; and
- Ample water supply and treatment capacity.

The very strong financial risk profile includes:

- Strong historical all-in debt service coverage that has historically been around 1.6x although we expect some decline in fiscal 2016;
- Very strong liquidity with over 1,000 days of operating cash when including all designated but legally unrestricted reserves; and
- Overall strong financial management.

The 2016 bonds are being issued to refund a portion of the authority's series 2006 bonds and are secured by a pledge of the authority's net revenues. Bond provisions are, in our view, adequate and credit neutral, with a rate covenant of 1.25x annual debt service and an additional bonds test of 1.25x maximum annual debt service. As long as there are 2006 and 2007 bonds outstanding, the authority will maintain a standard reserve for the 2016 bonds. After the issuance of the series 2016 bonds and the refunding of the 2006 bonds, the authority will have about $391.4 million in senior-lien bonds, $16 million in state loans, and $93.8 million in third-lien commercial paper outstanding.

Enterprise risk profile

The authority serves about 120,500 connections, which consist mainly of residential and commercial customers in the Reno and Sparks metropolitan areas. Customers have easy access to the Reno MSA, which provides broad and diverse employment opportunities. Major employers in the area include the Washoe County School District, the University of Nevada-Reno, the Renown Regional Medical Center, and various hotels and casinos. Income indicators are, in our view, good, with 2014 median household effective buying income for Reno at 89.7% of the national median and for Sparks at 101.9%. Unemployment rates in both Reno (5.5%) and Sparks (5.8%) are lower than the state rate (6.1%) but higher than the national rate (4.8%).

The customer base is primarily residential and very diverse. Residential customers represent nearly 90% of total accounts and 71% of revenues while the top 10 leading customers represent 9.2% of revenues. The top customer at the end of fiscal 2015 was Washoe County, representing about 2.6% of revenues. However, following the merger of the county's water system into the authority's, the county will no longer be a large customer, and we expect further diversification of the customer base.

Residential customers currently pay a monthly fixed charge depending on meter size and a volumetric rate that is tiered depending on the customer's former service territory. Following the merger with South Truckee Meadows General Improvement District (STMGID) and the Washoe County water utility, the authority preserved the rates for the former county and STMGID customers. For customers in the former STMGID areas, when they sell their property, the new owners will assume the authority's rates. By 2035, all former STMGID customers will be converted to the authority's rates. For 2015, the average water bill was $47.78, which is affordable and provides the authority with rate flexibility.

Based on our operational management assessment, we view the authority to be a '2' on a scale of 1-6, with '1' being the strongest. This indicates, in our view, that operational and organizational goals are generally well aligned, even if some challenges exist. Following the merger with STMGID and the county, the authority now owns and operates eight water treatment plants with the largest plant, the Chalk Bluff Water Treatment Facility, capable of treating 90 million gallons per day (mgd). Total treatment plant capacity is 128 mgd, and the authority also has 100 mgd of groundwater production capability. This is sufficient for the average day demand of about 67 mgd and the peak day demand of about 120 mgd. Management also reported that the combined distribution system is in good condition and is unlikely to require extensive repair and rehabilitation.

Following the merger, the authority now has over 175,000 acre-feet of combined water rights and is in the process of acquiring additional upstream reservoir storage capacity. In addition, the Truckee River Operating Agreement (TROA) was implemented at the end of 2015, which provides the authority with additional upstream reservoir storage capacity. The authority expects to eventually triple its pre-TROA reserves. The authority has also implemented conservation and educational programs, which increase its visibility and engagement with the local community.

Financial risk profile

The authority's all-in coverage during the past three years has been strong and consistently about 1.65x. Operating revenues increased nearly 7% in fiscal 2015 compared to fiscal 2014; however, concurrently operating expenses rose by 16% to $42 million from $36 million in the prior year. Based on management's latest estimates for fiscal 2016, we expect all-in coverage to decline to about 1.3x, largely due to modest revenue gains and larger increases in operating expenses. However, this estimate assumes the adopted budgeted expenses, and the authority reports that it is currently operating under budget. We expect coverage to be maintained at least at good to strong levels through the two-year outlook horizon.

At the end of fiscal 2015, the authority reported about $105 million in unrestricted cash, which we view as strong. In addition, the authority maintains about $33.8 million in designated reserves that can legally be used for operations. When combined, the authority has 1,200 days of operating cash on hand. Given the authority's expected capital expenditures for fiscal 2016, cash reserves may decline, but would still remain at strong levels.

The authority's debt to capitalization ratio is moderate, at 49% at the end of fiscal 2015. Over the next five years, management estimates a total of $167 million in capital improvements, including about $95 million for distribution system improvements and nearly $20 million for treatment plant improvements. Management expects to fund capital improvements on a pay-as-you-go basis and does not anticipate issuing additional debt in the near term.

Based on our financial management assessment (FMA), we view the authority to be a '1' on a scale of 1-6, with '1' being the strongest. An FMA of 'strong' indicates that practices are strong, well embedded, and likely sustainable. The government maintains most of the best practices deemed critical to supporting credit quality, and these are well embedded in the government's daily operations and practices. Formal policies support many of these activities, adding to the likelihood that these practices will be continued into the future and transcend changes in the operating environment or personnel. This includes maintaining long-term financial and capital plans as well as prescriptive and detailed formal investment and debt management policies. The authority also produces timely disclosures and regular financial reporting.

Outlook

The stable outlook reflects our expectation that the authority will continue to take appropriate action to maintain good to strong financial metrics during the two-year outlook period. Given the authority's ample water supply and successful integration with STMGID and the county systems, we do not expect any major operational issues with the integrated system.

Upside scenario

Due to ongoing drought conditions and the potential for lower coverage in fiscal 2016, we do not expect to raise the ratings during the outlook horizon. However, if the authority is able to strengthen and sustain its coverage metrics, we may contemplate raising the ratings.

Downside scenario

Given the historical and projected financial performance, we do not anticipate taking any negative rating action. There would likely need to be a significant deterioration in either coverage or liquidity levels before a downward rating action would occur.

Related Criteria And Research

Related Criteria

- USPF Criteria: Rating Methodology And Assumptions For U.S. Municipal Waterworks And Sanitary Sewer Utility Revenue Bonds, Jan. 19, 2016
- USPF Criteria: Methodology: Definitions And Related Analytic Practices For Covenant And Payment Provisions In U.S. Public Finance Revenue Obligations, Nov. 29, 2011
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Ratings Detail (As Of March 11, 2016)		
Truckee Meadows Wtr Auth wtr (wrap of insured) (SYNCORA & AGM) (SEC MKT)		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded
Truckee Meadows Wtr Auth wtr		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.