



**MAY 11, 2017**

**AGENDA ITEM # 7**

**STA CREDIT RATING UPDATE**

Action Requested: Receive and file

Key Staff: Timothy Jones, Accounting Manager

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**Recommendation**

Receive and file the STA's Credit Rating Update

**Discussion**

Over the last several months, Authority staff provided information to our credit rating agencies as they performed analysis regarding our bond program. Since we provide quarterly financial statements to our underwriters who post that information on the Electronic Municipal Market Access website (EMMA), our credit rating agencies were primarily interested in any significant internal changes, new bond issuances, or any other material changes that could impact a bond's rating. In the Authority's case, nothing we reported was of such magnitude that a change in credit rating to any of our bonds was necessary.

This process occurs once every year or two depending on factors such as organization changes, market changes, and other internal/external factors that have potential to impact an agency's credit worthiness. Recent inquiries involved our 2009C, 2012, and 2015A series bonds. Our 2014A series bonds do not require a credit rating since Wells Fargo bank directly purchased them. However, if the bonds were to be sold to the public, they would be subject to periodic review by one or more credit rating agencies.

Historically, our credit ratings have been very good, and after the recent reviews, each ratable bond held the same credit rating as it did previously. Credit rating agencies noted our stable and growing Measure A Sales Tax revenue stream as a foundational factor in their decision, as well as solid financial statements and prudent debt management.

With our high credit ratings and updated revenue forecasts projecting moderate growth for the current and coming fiscal year, the Authority is in a good position to make short-term decisions. In August, Authority staff plan to have long-term revenue projections, cash flow analyses, and an updated capital allocation plan ready for the Board's review so that it can make prudent long-term financial decisions.