

## **Fitch Assigns 'F1+' S-T Rating to Metro Water District of Southern CA 2018 Series A**

FITCH RATINGS: Fitch Ratings has assigned an 'F1+' short-term rating to the Metropolitan Water District of Southern California special variable rate water revenue refunding bonds, 2018 Series A consisting of 2018 Series A-1 and 2018 Series A-2.

### **KEY RATING DRIVERS:**

The short-term 'F1+' ratings are based on the liquidity support provided by The Toronto-Dominion Bank, acting through its New York Branch, (rated 'AA-/F1+', Stable Outlook) in the form of two Standby Bond Purchase Agreements (SBPAs). For information on the long-term ratings assigned to the bonds see the press release dated June 13, 2018, which is available at [www.fitchratings.com](http://www.fitchratings.com).

The SBPAs provide for the payment of the principal component of purchase price plus an amount equal to 34 days of interest calculated at a maximum rate of 12%, based on a year of 365 days for tendered bonds during the daily and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The SBPAs will expire on June 25, 2021, the stated expiration date, unless such date is extended; upon conversion to a mode other than the daily or weekly rate mode; or upon the occurrence of certain events of default which result in a mandatory tender or other events of default related to the credit of the bond obligor which result in an automatic and immediate termination. The remarketing agent for the bonds is TD Securities (USA) LLC. The bonds are expected to be delivered on or about June 27, 2018.

The bonds will be issued in the daily rate mode, but may be converted to a weekly, flexible, index, bond interest term or long period rate mode. While bonds bear interest in the daily rate mode, interest is paid on the first business day of each month, commencing August 1, 2018. Holders of bonds bearing interest in the daily and weekly rate modes may tender their bonds for purchase with the requisite prior notice. The Paying Agent is obligated to make timely draws on the SBPAs to pay purchase price in the event of insufficient remarketing proceeds, and in connection with the expiration or termination of the SBPAs, except in the case of the credit-related events permitting immediate termination or suspension of the SBPA.

Funds drawn under the SBPA are held uninvested, and are free from any lien prior to that of the bondholders. The bonds are subject to mandatory tender: (1) upon conversion of the interest rate to a mode other than the daily or weekly mode; (2) upon expiration, substitution or termination of the SBPA; and (3) following the receipt of written notice from the bank of an event of default under the SBPA, directing such mandatory tender. Optional and mandatory redemption provisions also apply to the bonds.

#### RATING SENSITIVITIES

The short-term rating reflects the short-term rating that Fitch maintains on the bank providing liquidity support and will be adjusted upward or downward in conjunction with the short-term rating of the bank and, in some cases, the long-term rating of the bond obligor.

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