

RatingsDirect®

Summary:

Southern California Metropolitan Water District; Water/Sewer

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Table Of Contents

Rationale

Outlook

Summary:

Southern California Metropolitan Water District; Water/Sewer

Credit Profile

US\$104.985 mil spl var rt wtr rev rfdg bn ds ser 2018A-2 dtd 06/27/2018 due 07/01/2037

Long Term Rating

AAA/A-1+/Stable

New

US\$104.985 mil spl var rt wtr rev rfdg bn ds ser 2018A-1 dtd 06/27/2018 due 07/01/2037

Long Term Rating

AAA/A-1+/Stable

New

Rationale

S&P Global Ratings assigned its 'AAA/A-1+' rating to the Metropolitan Water District of Southern California's (the district) 2018 series A special variable-rate revenue refunding bonds. The outlook is stable.

The series 2018A bonds, consisting of series 2018 A-1 and 2018 A-2 bonds, are being issued as variable-rate demand obligations. The long-term component of the rating reflects our view of the district's credit characteristics. The short-term component of the rating reflects the short-term rating on the Toronto-Dominion Bank, acting through its New York branch, which is providing an enhancement for the bonds in the form of a standby bond purchase agreement (SBPA) for each subseries.

The SBPAs have an effective date of June 27, 2018, and cover principal and 34 days' interest for a maximum 12% annual rate for the purchase price of bonds that are not successfully remarketed. The SBPAs are due to expire on June 25, 2021, unless extended or terminated beforehand.

The SBPA provider's obligation to purchase unremarketed tendered bonds while the bonds bear interest in the initial daily or weekly interest-rate modes (the covered modes). The SBPA provider's obligation to purchase unremarketed tendered bonds will terminate without notice to bondholders should various events, as outlined in the SBPA, occur. These events, which we consider to be consistent with our published criteria include, but are not limited to, lowering of the long-term component of the rating on the bonds or any related parity debt below 'BBB-'.

(For more information on the district, see the article published May 29, 2018, on RatingsDirect.)

Outlook

The stable outlook reflects S&P Global Ratings' view of the stable outlook on the district.

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.

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