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City of San Diego's Sewer Enterprise Fund Bond Rating Upgraded

RATING VALIDATES STRONG FINANCIAL PERFORMANCE AND PLANNING

San Diego – Moody's Investors Service announced that it has upgraded the rating on the City of San Diego's Sewer Enterprise Sewer Revenue Bonds to Aa2 from Aa3. The upgrade applies to approximately \$1 billion in outstanding senior lien obligations and credits the upgrade to strong financial performance, liquidity and the recycled water program, Pure Water San Diego.

The upgrade to Aa2 reflects the sewer enterprise's strong financial performance through the economic downturn as well as the successful completion of a long-term capital plan addressing environmental consent decrees going back to the early 2000's. The rating additionally reflects the inherent stability of the very large enterprise, which serves a dynamic and growing service area, constituting California's third largest metropolitan area.

"This credit rating upgrade is the latest example that the City of San Diego's finances are back on track," said Mayor Kevin L. Faulconer. "The financial reforms and fiscal discipline put in place over the past several years are paying off and independent experts are taking notice. The City's strong financial outlook is a testament to the hard work of City employees and all our branches of local government."

The sewer enterprise issues bonds to build infrastructure, and this credit upgrade translates into future savings for ratepayers to replace pipes, maintain wastewater treatment facilities and build the Pure Water infrastructure.

San Diego's Municipal Sewer System provides wastewater collection, treatment, and disposal services within the city limits and also provides transportation, treatment and disposal services to many of the surrounding communities who together comprise the Participating Agencies through the Metropolitan System.

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