



## Fitch Rates Public Facilities Financing Authority of San Diego CP Notes, Series A & B 'F1'

Fitch Ratings-New York-25 January 2017: Fitch Ratings has assigned a rating of 'F1' to \$250,000,000 of Public Facilities Financing Authority of the City of San Diego Subordinated water revenue commercial paper notes consisting of \$75,000,000 series A and \$175,000,000 series B (the notes).

### KEY RATING DRIVERS:

The rating for the series A notes is based on the support provided by an irrevocable direct-pay letter of credit (LOC) issued by Bank of the West (BOTW, rated 'A/F1', Stable Outlook) which has a stated expiration date of Jan. 31, 2020 unless extended or earlier terminated. The rating for the series B notes is based on the support provided by a LOC issued by Bank of America (BANA, rated 'A+/F1', Stable Outlook), which has a stated expiration date of Jan. 31, 2019 unless extended or earlier terminated. Each LOC provides coverage for the principal amount of the notes and interest due on the maturity dates of the notes.

U.S. Bank N.A. acting as Issuing and Paying Agent (IPA) for the notes is directed to request a draw under the applicable LOC to pay principal and interest on maturing notes. The series A LOC provides sufficient coverage for note issuance up to \$77,712,329 inclusive of interest coverage. The series B LOC provides sufficient coverage for note issuance up to \$181,328,768 inclusive of interest coverage.

The notes may be issued at par, with interest due at maturity, or at a discount. Following the occurrence of an event of default under a related LOC, the applicable bank may direct the IPA to immediately stop the issuance of any additional notes. In such an event the related LOC will expire after all the notes supported by that LOC mature and have been paid from funds drawn on that LOC. In addition, the applicable bank may issue a final drawing notice directing the IPA to draw on its LOC for the principal of and interest due on all notes outstanding in which case the LOC will expire on the earlier of (A) the 15th calendar day (or if such date is not a Business Day, the immediately succeeding Business Day) after the effective date of such final drawing notice and (B) the date on which the Drawing resulting from the delivery of the final drawing notice is honored. If an Event of Default, under the Indenture, occurs, the principal and accrued interest of all outstanding Commercial Paper Notes may be declared immediately due and payable and payment will be made by drawing on the LOCs. The dealers for the notes are: BofA Merrill Lynch, Citigroup Global Markets and RBC Capital Markets LLC.

### RATING SENSITIVITIES

The rating is exclusively tied to the short-term rating that Fitch maintains on the bank providing each LOC and will reflect all changes to that rating.

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**Applicable Criteria**

Rating Criteria for Letter of Credit-Supported Bonds and Commercial Paper (pub. 05 Apr 2016) (<https://www.fitchratings.com/site/re/878782>)  
U.S. Municipal Structured Finance Criteria (pub. 23 Feb 2015)  
(<https://www.fitchratings.com/site/re/862222>)

**Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form ([https://www.fitchratings.com/creditdesk/press\\_releases/content/ridf\\_frame.cfm?pr\\_id=1018097&cft=0](https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=1018097&cft=0))  
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