

# **Bond Case Briefs**

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## **Fitch: Recent Actions Highlight Consistent Approach to Default Risk.**

Fitch Ratings-New York-17 February 2017: Fitch Ratings' recent ratings on the Port of Seattle and Santa Clara Valley Water District (SCVWD) demonstrate the uniquely rigorous approach towards assessing the legal basis for rating securities distinct from the Issuer Default Rating (IDR) under the new Tax-Supported Rating Criteria, according to a new Fitch report.

"Using the same methodology that resulted in several California school district security ratings distinct from the IDR, the Port of Seattle and SCVWD's ratings underscore Fitch's holistic, consistent approach to rating across the portfolio," said Amy Laskey, Managing Director.

Fitch assigned an IDR of 'AA-' to the Port of Seattle using our Global Infrastructure Airport and Seaport Rating Criteria with a variation to consider the strength and value of the tax revenues that could be made available to support operations. Similarly, Fitch assigned an IDR of 'AA+' to SCVWD using our Water and Sewer Revenue Bond Rating Criteria with a variation to consider tax revenue support.

Fitch upgraded the Port of Seattle's intermediate and subordinate lien revenue bond ratings from 'A+' to be on par with the new IDR of 'AA-', while the rating on outstanding LTGO bonds was downgraded to the level of the IDR from 'AAA'. Similarly, for SCVWD, the district's water revenue bonds and revenue certificates of participation were upgraded to the new 'AA+' IDR from 'AA', while the district's flood control system COPs were downgraded one notch to the level of the IDR.

Security ratings are capped at the IDR unless Fitch believes there is a strong legal basis for concluding that bondholders are protected from operating risk. Fitch's high bar for rating tax-supported bonds distinct from the IDR applies to enterprises, general governments, school districts, and other special districts.

For more information, a special report titled 'Special Revenues, Bankruptcy and Default Risk' is available on the Fitch Ratings web site at [www.fitchratings.com](http://www.fitchratings.com).

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