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Fitch to Upgrade CA GO Commercial Paper Notes Series A-8 & B-8 Rating to 'F1+'

Fitch Ratings-Chicago/New York-14 December 2022: On the effective date of Dec. 15, 2022, Fitch Ratings will upgrade the rating assigned to the \$125,000,000 California General Obligation Commercial Paper Notes Tax-Exempt Series A-8 and Taxable Series B-8 (notes) to 'F1+' from 'F1'. A maximum of \$125,000,000 aggregate principal amount of Series A-8 and B-8 authorized notes may be outstanding at any given time.

The rating action is in connection with: (i) the substitution of the current irrevocable letter of credit (LOC) provided by Bank of the West (rated 'A/F1'/Rating Watch Positive) which currently supports both series of notes, with a LOC to be provided by Bank of Montreal (BMO, rated 'AA-/F1+'/'Outlook Negative'); and (ii) the reoffering of the notes from time to time.

KEY RATING DRIVERS:

On the effective date, the rating on the notes will be upgraded to 'F1+' from 'F1' based on the support of the BMO LOC. The LOC has a stated expiration date of Dec. 12, 2025, unless extended or earlier terminated. The BMO substitute LOC will provide sufficient coverage for the principal amount of the notes and 90 days of interest calculated at 11%, based on a 365-day year.

U.S. Bank Trust Company National Association will continue acting as Issuing and Paying Agent (IPA) for the notes, and as IPA, is directed to request a drawing on the substitute LOC to pay principal and interest on maturing notes to the extent proceeds from rollover notes or other funds supplied by the State of California are insufficient to make such payment in full.

All notes will be issued at par, with interest due at maturity. Following the occurrence of an event of default under the Reimbursement Agreement, BMO may direct the IPA to stop issuing additional notes. The substitute LOC will terminate after all the notes supported by the LOC and issued prior to receipt of such no-issuance notice have been paid. US Bancorp Investments, Inc. and J.P. Morgan Securities LLC are the dealers of the notes.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-The Short-Term rating assigned to the notes is the highest Short-Term rating and cannot be upgraded.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-The Short-Term 'F1+' rating assigned to the notes will be adjusted downward in conjunction with the Short-Term rating of the bank.

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Additional information is available on www.fitchratings.com

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