

Bond Case Briefs

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Fitch Ratings to Affirm ST Rating of LADWP Power System VRDBs Series 2001 B-1 to B-3 and B-5 to B-8.

Fitch Ratings-New York-04 January 2023: On the effective date of Jan. 12, 2023, Fitch Ratings will affirm the 'F1' short-term (ST) rating assigned to the \$322,800,000 Department of Water and Power of the City of Los Angeles (LADWP) power system variable rate demand revenue bonds (VRDBs), 2001 series B consisting of:

- \$55,900,000 Subseries B-1;
- \$59,200,000 Subseries B-2;
- \$59,200,000 Subseries B-3;
- \$42,500,000 subseries B-5;
- \$45,200,000 subseries B-6;
- \$45,200,000 subseries B-7;
- \$15,600,000 subseries B-8.

The rating action will be in connection with (i) the consolidation of the liquidity support currently provided by Barclays Bank PLC (A+/F1/Stable) in the form two separate Standby Bond Purchase Agreements (SBPAs) supporting the Subseries B-1 and B-3 Bonds and the Subseries B-5 to Subseries B-8 Bonds, respectively, into a single SBPA and (ii) the substitution of the liquidity support for the Subseries B-2 Bonds currently provided by Bank of the West (A/F1/Rating Watch Positive), with the above referenced Barclays SBPA and (iii) mandatory tender of the bonds.

KEY RATING DRIVERS

On the effective date, the short-term 'F1' rating for each subseries will be based on the liquidity support provided by Barclays Bank PLC, in the form of a single SBPA.

The substitute SBPA will provide for the payment of the principal component of purchase price plus an amount equal to 34 days of interest calculated at a maximum rate of 12%, based on year of 365 days for tendered bonds during the daily and weekly rate modes in the event that the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The substitute SBPA will expire on Jan. 21, 2027, the stated expiration date, unless such date is extended, upon conversion to an interest rate mode other than a daily or weekly rate mode; or upon the occurrence of certain other events of default that result in a mandatory tender, or other termination events related to the credit of the bond obligor that result in an automatic and immediate termination.

The current long-term 'AA-/Stable' rating will continue to be based on the long-term rating assigned to LADWP's Power System. For more information on the long-term rating, see the press release dated Oct. 14, 2022, available on Fitch's website at www.fitchratings.com.

RATING SENSITIVITIES

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

- The short-term rating assigned to the bonds will be adjusted upward in conjunction with the short-

term rating of the bank providing the SBPA and, in some cases, the long-term rating of issuer

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

-The short-term rating assigned to the bonds will be adjusted downward in conjunction with the short-term rating of the bank providing the SBPA and, in some cases, the long-term rating of the issuer.

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