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Arizona Water Infrastructure Finance Authority: Fitch New Issue Report

The ‘AAA’ rating reflects the ability of the Water Authority Infrastructure Authority of Arizona’s (WIFA or the authority) Master Trust Indenture (MTI) program’s (the program) financial structure to absorb hypothetical pool defaults in excess of Fitch’s ‘AAA’ stress scenario without causing an interruption in bond payments. Aggregate pool credit risk is measured using Fitch’s Portfolio Stress Model (PSM), and the strength of the program’s financial structure is measured using Fitch’s Cash Flow Model. The loans pledged are made by the authority pursuant to state legislation from the authority’s Clean Water Revolving Fund and the Drinking Water Revolving Fund (together, the SRF pledged pool). The SRF pledge pool produces a ‘AAA’ liability stress hurdle of 40.0% in the PSM. On an annual basis, Fitch’s cash flow modeling demonstrates the program can continue to pay bond debt service with a default tolerance rate of 100% through the anticipated October 2027 maturity of the series 2024 bonds without an interruption in debt service. As the default tolerance exceeds the ‘AAA’ stress hurdle, this implies a passing result under Fitch’s criteria.

Access Report

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