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## **Texas Water Development Board: Fitch New Issue Report**

The 'AAA' rating reflects the ability of the SWIRFT program's (the program) financial structure, and funding mechanisms, to absorb hypothetical pool defaults in excess of Fitch's 'AAA' stress scenario without causing an interruption in bond payment. 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 (CFM). The PSM's liability stress hurdle is measured against the CFM's breakeven default tolerance rate to produce a model-implied rating. A positive net difference (the default tolerance less the hurdle) in the calculation suggests a passing model output at a given rating stress. Additionally, given the nonstandard investments of the program, Fitch also applied stress to its approximately \$1.8 billion in outstanding investments to create a Fitch-modelled investment stress scenario, as per Fitch's criteria.

[Access Report](#)

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