



201 Vallecitos de Oro - San Marcos - California 92069 (760) 744-0460

Press Release

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Contact: Chris Robbins
(760) 330-1450

Vallecitos Receives Coveted 'AAA' Bond Rating from Fitch Highest possible rating results in lower financing costs

Fitch Ratings (Fitch), one of the big three international ratings agencies, upgraded its rating to 'AAA' for the Vallecitos Water District. 'AAA' is the highest possible rating available from Fitch. The 'AAA' rating benefits the District by allowing Vallecitos to issue debt at a lower interest rate resulting in lower financing costs for necessary water reliability and infrastructure projects.

Each year, Fitch reviews credit rating scores to determine creditworthiness and financial standings for companies and countries around the world. AAA-rated bonds are considered to have the highest degree of creditworthiness and a strong financial profile with exceptionally low risk for default. Key components of the rating that Fitch assesses include revenue defensibility or the ability to diversify income; operating risk including foreseeable expenses and the need to rely on loans; and financial profile or the liquidity and flexibility of the budget. Fitch's rating is made up of several key drivers. The AAA rating for Vallecitos Water District indicates a very strong financial profile, exceptionally low leverage, and remarkably low risk for investors.

"The announcement of Vallecitos Water District's upgrade to a 'AAA' rating from Fitch is a substantial honor," said Westley Owen, Chief Financial Officer for Vallecitos Water District. "Our dedication to financial stability, transparency, and strong reserves have led to this achievement."

Further details and information on the Fitch Rating can be found here: <https://www.fitchratings.com/research/us-public-finance/fitch-upgrades-vallecitos-water-district-ca-cops-to-aaa-outlook-stable-07-07-2023>

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About Vallecitos Water District: *As an independent, special district, Vallecitos is dedicated to providing water, wastewater, and reclamation services to over 105,000 people in a 45-square-mile area that includes San Marcos; the community of Lake San Marcos; portions of Carlsbad, Escondido and Vista; and other surrounding unincorporated areas.*