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## Press Release

FOR IMMEDIATE RELEASE  
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### Fitch Ratings affirms the Vallecitos Water District's 'AA+' rating with a stable outlook

San Marcos, CA – A strong financial recovery from the drought and recession resulted in Fitch Ratings recently affirming Vallecitos Water District's credit rating of 'AA+', with an Outlook Stable into the foreseeable future.

Fitch's analysis determined the factors for the favorable rating to be a stable and diverse revenue source, very strong debt coverage performance, affordable rates in a sound regional economy, no debt planned for the next five years, and conservative assumptions when forecasting financial results. Vallecitos is moving in a positive direction with a strong financial performance that should continue in to the future.

Besides recovery from drought and recession issues, Vallecitos' rating was further bolstered by plans for a diverse water supply. As a future desalinated water recipient from the Carlsbad Desalination Facility, the District has also entered in agreement to purchase water from the Olivenhain Municipal Water District resulting in more than 30 percent of its current demands being provided locally.

Also taken into consideration were development-related capacity fees that are rebounding in the District's still-developing service area after the recent downturn.

This, as well as a recent favorable outlook from Standard and Poor's, serves as evidence that the Vallecitos Board of Directors and management are making the right decisions to keep the District going the right fiscal direction during this time of economic challenge.

Dual-headquartered in New York and London, Fitch Ratings is a global rating agency dedicated to providing value beyond the rating through independent and prospective credit opinions, research and data.

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*Vallecitos Water District is an independent, special district dedicated to providing water, wastewater and reclamation services to approximately 94,000 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. The public is invited to Board meetings, taking place at 4 p.m. the first and third Wednesday of each month at Vallecitos' Administration, Maintenance, and Operations Facility - 201 Vallecitos de Oro, San Marcos.*