



## **2017 ANNUAL CONFERENCE SCOTTSDALE**

# **The Business of Ratings**

### **Moderator**

**Christine Crowley**, Fiscal Advisors  
and Marketing

### **Speakers**

**Jessica Soltz Rudd**, Fitch Ratings

**Kathy Evers**, S&P Global Ratings

# SESSION DISCUSSION AREAS

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- Products
- Engagement Process and Practices
  - Type of Products
- Coverage Across Country

The background of the slide is a photograph of a classical building with a pediment and columns. An American flag is visible on the right side of the building. The image is slightly blurred and has a dark overlay at the bottom where the text is located.

# NAMA's 2017 Annual Conference

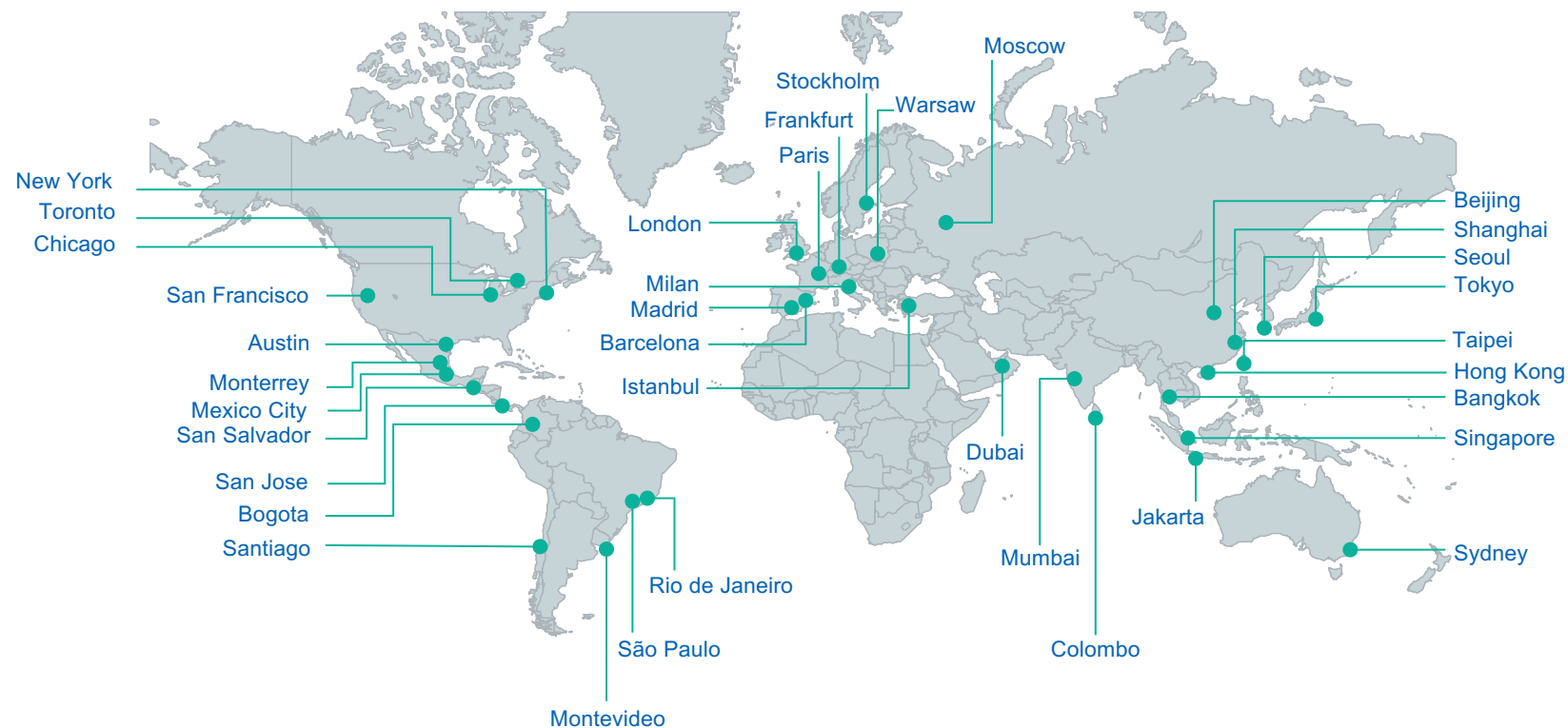
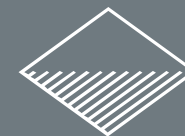
## Fitch Ratings: Coverage, Rating Products & Engagement Practices

Jessica Soltz Rudd, Senior Director

October 5, 2017

**Fitch**Ratings

# Fitch Covers the World



# Global Public Finance & Infrastructure Coverage



**200+ Professionals Worldwide**

## **Fitch Rates Most New Issues Sold By...**

- States
- Major cities and counties
- Major public utilities
- Large healthcare providers
- Senior living providers

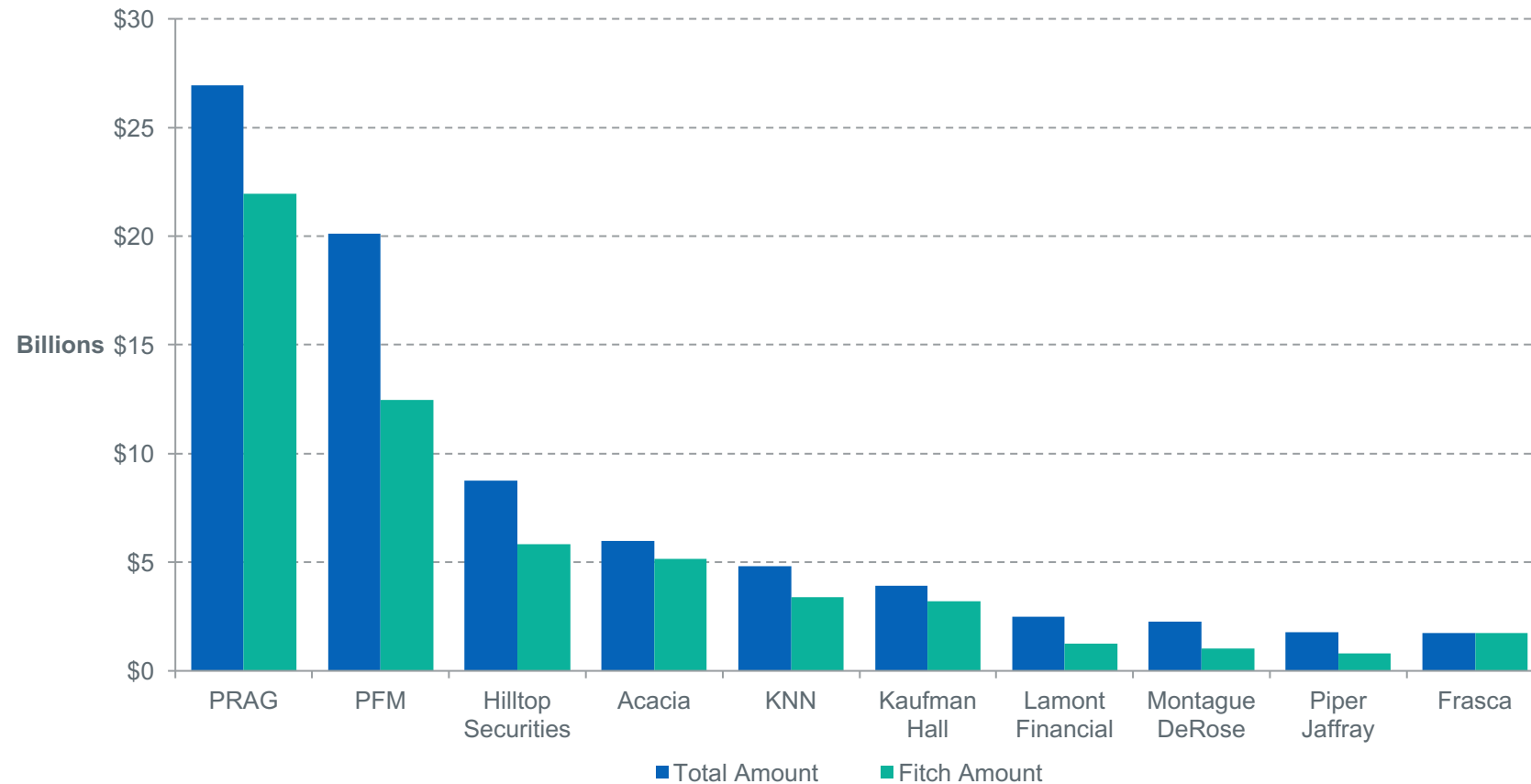
## **Fitch Rates All Transportation Subsectors, Including...**

- Toll Roads
- Airports
- Seaports
- Transit and Rail
- Parking

## **Fitch Rates Transactions Funding the Following Sectors...**

- Social Infrastructure
- Energy & Industrials
- Sports & Entertainment

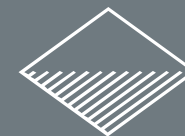
# Top 10 Public Finance Municipal Advisors – 1H2017



Note(s) – Data represents rated transactions with par value equal to, or greater than, \$100 mil. Excludes short-term, unrated and privately-placed debt. Full par amount of an issue may be split between the number of Financial Advisors per each deal.

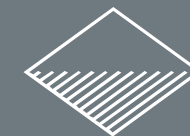
Source: Thomson Reuters

# Why Use a Fitch Rating?



Attribute	Commentary
<b>Strong In-Depth Review Process</b>	<ul style="list-style-type: none"><li>• Guided by forward-looking and transparent criteria</li><li>• New explicit through-the-cycle analytical tools (FAST)</li><li>• Timely &amp; objective credit reviews ensure accuracy of credit ratings</li><li>• Managed by experienced, informed analysts</li></ul>
<b>Investors Value Fitch's Opinions</b>	<ul style="list-style-type: none"><li>• Rating reports regarded as the best in the industry</li><li>• New Issue reports broadly accessed by municipal market participants</li><li>• 1:1 meetings with institutional investors</li><li>• Prompt access to analytical staff for timely inquiries</li></ul>
<b>Value of an Additional Opinion</b>	<ul style="list-style-type: none"><li>• Informed credit opinions are critical in today's pressured credit environment</li><li>• Addresses rating splits</li><li>• More opinions are preferred and can provide stronger levels of market liquidity</li><li>• Fitch is highly regarded as a thought leader in USPF</li></ul>

# Fitch's Rating 'Products'



Fitch provides Issuers with multiple alternatives when considering a Ratings Engagement

1 Initial Stage		2 Main rating products		3 Supplemental	
	Indicative Rating	Public Rating	Private Rating	Rating Assessment Service (RAS)	Credit Opinion
Description	<ul style="list-style-type: none"><li>Confidential, point-in-time rating</li><li>Issuer decides whether to:<ul style="list-style-type: none"><li>✓ Publish rating</li><li>✓ Continue monitored Private rating <sup>(1)</sup></li><li>✓ Stop rating process</li></ul></li></ul>	<ul style="list-style-type: none"><li>General purposes</li><li>Financing purposes</li></ul>	<ul style="list-style-type: none"><li>Non-public financing transactions</li></ul>	<ul style="list-style-type: none"><li>Assessment of given scenarios</li><li>Transaction specific</li><li>Not limited to Fitch-rated entities</li></ul>	<ul style="list-style-type: none"><li>Opinion which omits one or more characteristics of a full rating</li></ul>
Reference	<ul style="list-style-type: none"><li>Point-in-time</li></ul>	<ul style="list-style-type: none"><li>Monitored</li></ul>	<ul style="list-style-type: none"><li>Monitored</li></ul>	<ul style="list-style-type: none"><li>Point-in-time</li></ul>	<ul style="list-style-type: none"><li>Typically point-in-time</li></ul>
Notch Specific	<ul style="list-style-type: none"><li>Yes</li></ul>	<ul style="list-style-type: none"><li>Yes</li></ul>	<ul style="list-style-type: none"><li>Yes</li></ul>	<ul style="list-style-type: none"><li>Yes</li></ul>	<ul style="list-style-type: none"><li>Notch or category specific</li></ul>
Output	<ul style="list-style-type: none"><li>Confidential rating letter can be provided</li></ul>	<ul style="list-style-type: none"><li>Rating Commentary</li><li>Full report</li></ul>	<ul style="list-style-type: none"><li>Confidential rating letter</li></ul>	<ul style="list-style-type: none"><li>Confidential rating letter</li></ul>	<ul style="list-style-type: none"><li>Confidential rating letter</li></ul>

## Turnaround Time

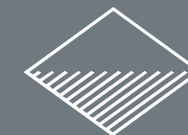
- Fitch strives to provide indicative ratings within 2 – 4 weeks

(1) Subject to agreement with Fitch.

- ## Engagement Letter (Long-form)

[illegible]

# U.S. Contacts - Regional Managers



## U.S. Public Finance and Global Infrastructure

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**Higher Education & Non Profit**  
**Housing-East**

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**Public Power**  
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### Water & Sewer-MidWest/Atlantic

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### Water & Sewer-Southwest/South

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### U.S. Global Infrastructure

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### Investor/Dealer Relations

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### West Region

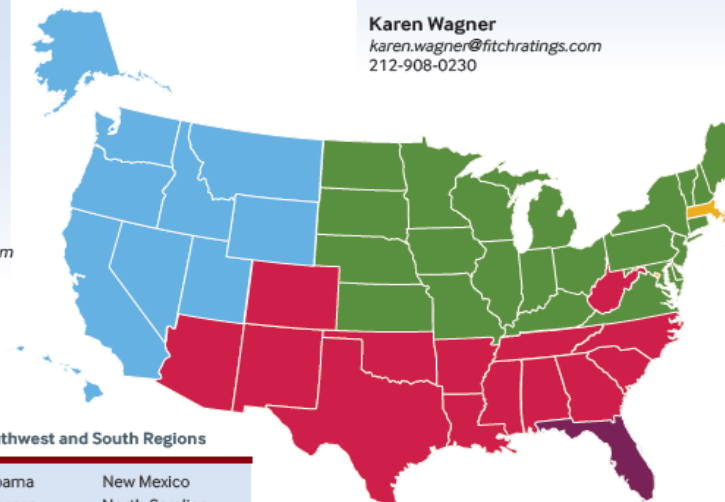
Alaska  
California  
Hawaii  
Idaho  
Montana  
Nevada  
Oregon  
Utah  
Washington  
Wyoming

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### Midwest/Great Lakes/East Region

Connecticut	Maryland	North Dakota
Delaware	Michigan	Ohio
Illinois	Minnesota	Pennsylvania
Indiana	Missouri	Wisconsin
Iowa	Nebraska	Rhode Island
Kansas	New Hampshire	South Dakota
Kentucky	New Jersey	Vermont
Maine	New York	Virginia

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### Southwest and South Regions

Alabama	New Mexico
Arkansas	North Carolina
Arizona	Oklahoma
Colorado	South Carolina
Georgia	Tennessee
Louisiana	Texas
Mississippi	West Virginia

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**Fitch**Ratings

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# Presentation to National Association of Municipal Advisors

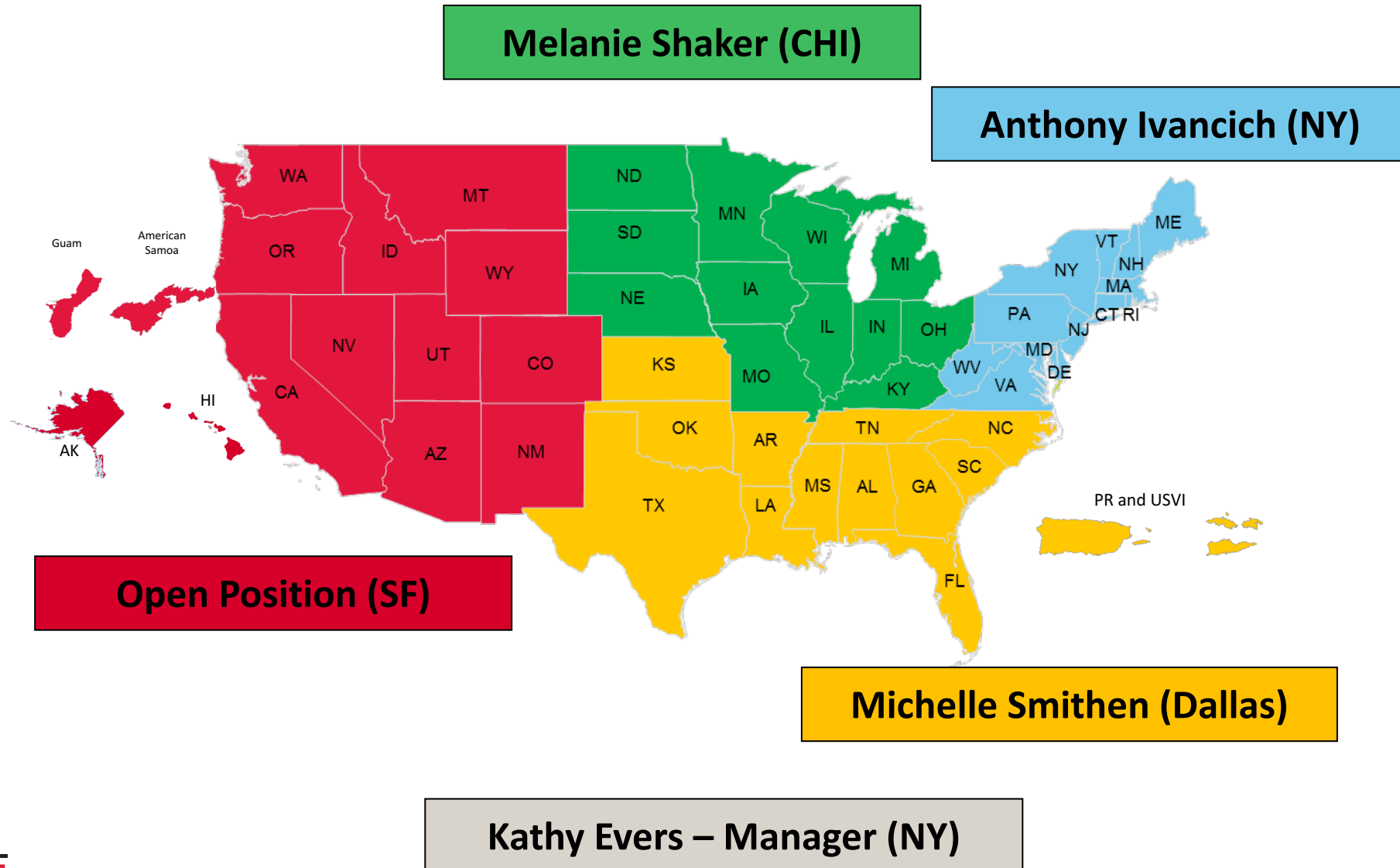
Kathy Evers  
Senior Director

USPF Relationship  
Management

October 2017



# The Relationship Management Team



**Tina Morris**  
Head of US Public Finance

**Robin Prunty**  
Head of Analytics and Research

**Enterprise Group:**  
Adom Rosengarten

**Cross Sector Leads:**  
Martin Arrick, David Bodek, Kurt Forsgren,  
Jessica Matsumori, Marian Zucker

**Government Group:**  
Horacio Aldrete

**Cross Sector Leads:**  
Geoff Buswick, Ted Chapman, Gabe Petek, Jane Ridley, Lisa Schroeer

**Public Power/Transp:**  
Peter Murphy

**SL: David Bodek, PP**  
Paul Dyson  
Jeff Panger  
**SL: Kurt Forsgren, Transportation**  
Joe Pezzimenti  
Todd Spence

**Higher Education:**  
Laura Kuffler-Macdonald

**SL: Jessica Matsumori**  
Charlene Butterfield  
Jessica Goldman  
Ken Rodgers  
Jessica Wood  
Mary Ellen Wriedt

**LG Midwest:**  
Caroline West

Helen Samuelson

**States:**  
Eden Perry

**SL: Gabe Petek**  
Dave Hitchcock  
Sussan Corson  
Carol Spain

**LG Southeast:**  
Bianca Gaytan-Burrell

James Hobbs  
Sarah Smaardyk  
Hilary Sutton  
Nora Wittstruck

**Housing:**  
vikas Jhaveri

**SL: Marian Zucker**  
Alán Bonilla  
Aulii Limtiaco  
Adam Torres

**Charter Schools:**  
Debra Boyd

**SL: Jessica Matsumori**  
Avani Parikh  
Beatriz Peguero  
Shivani Singh

**Water/Sewer:**  
James Breeding

**SL: Ted Chapman**  
Scott Garrigan  
Tim Tung

**LG West:**  
Jenny Poree

Jennifer Hansen  
Chris Morgan  
Misty Newland  
Li-Hsien Yang

**LG East:**  
Carolyn McLean

Anne Cosgrove  
Victor Medeiros

**Health care:**  
Ken Gacka

**SL: Martin Arrick**  
Suzie Desai  
Stephen Infranco  
Cynthia Keller  
Jennifer Soule

**LG Southwest:**  
Kate Boatright

Kristin Button  
Jennifer Garza

**LG Central:**  
Jennifer Boyd

Errol Arne  
John Sauter  
Linda Yip

## Products: Assessments and Evaluations

Examples of Typical Issuer Needs	Products/ Services	How Outcome May Be Shared		
		Confidential	Private	Public
<ul style="list-style-type: none"> <li>Considering issuing bonds</li> <li>Considering issuing bonds using a new revenue or security pledge</li> </ul>	Credit Assessment	X		
<ul style="list-style-type: none"> <li>To help estimate how much additional debt may be issued without potentially affecting existing rating</li> <li>To help estimate the potential rating impact when exploring various ways to finance a project or when considering financing a project</li> <li>To assist in the tender process for constructing/operating a public asset (typically for public-private projects)</li> </ul>	Rating Evaluation Service	X		
<ul style="list-style-type: none"> <li>To assess environmental benefit of projects financed by bond proceeds</li> </ul>	Green Evaluation	X		X

## Products: Credit Ratings

Examples of Typical Issuer Needs	Products/ Services	How Outcome May Be Shared		
		Confidential	Private	Public
<ul style="list-style-type: none"> <li>To help sell bonds in the capital markets</li> </ul>	Issue Credit Rating	X	X	X
<ul style="list-style-type: none"> <li>To help compare issuer to other entities; no debt planned</li> <li>To help demonstrate creditworthiness to banks, other financial institutions, lessors, or other third parties</li> <li>To help understand relative financial strengths and key ratios for internal benchmarking purposes</li> </ul>	Issuer Credit Rating	X	X	X

# Resources for You and Your Customers at S&P Global

## *The Relationship Management Team Can...*

Provide product information

Discuss fee quotes

“Connect the dots”

- Facilitate communication with analytic team (as permitted by compliance policy)

Provide conference coverage and meet face-to-face

Be your point of contact for everything S&P Global, including rating reports, rating lists, and other resources

## *Additional Contact Info*

### Fee Services

Direct Line

[pffeesvcs@spglobal.com](mailto:pffeesvcs@spglobal.com)

877 299 2569

### Transaction Management

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Zachary Wilson

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303 721 4

### My Credit Profile

Check with your Relationship Manager