

U.S. Public Finance

Gain New Insights



S&P Global Ratings

A history of forward-looking, insightful opinions

To make business decisions with confidence, issuers and investors around the world need access to objective and independent information, including opinions based on in-depth market knowledge, strong analytics and transparent criteria. And with a company history of more than 150 years, that's exactly what we continue to deliver.

Today we are one of the world's leading providers of independent credit ratings, credit risk research and benchmarks. The insight we deliver is backed by experienced and accessible analysts with specialized knowledge, so we can help you get the answers you need.

A Broad View With Sector-Specific Focus

Our U.S. Public Finance (USPF) team is a leader in providing credit ratings and related services to a wide range of public sector and not-for-profit entities including:

- State governments
- Local governments
- School districts
- Pension funds
- Not-for-profit hospitals and long-term care providers
- Public power providers and electric cooperatives
- Port, airport and toll road operators
- Housing finance agencies, public housing authorities, Community Development Financial Institutions (CDFI's), and other public and military housing providers
- Higher education institutions, independent schools and charter schools
- Cultural institutions
- Public-private partnerships

U.S. Public Finance Ratings

Independent opinions to enhance your perspective

Every rating we assign is grounded in four basic principles: credibility, independence, integrity and transparency. Our observance of these principles is why our credit opinions are so highly regarded. They are also why we continue to develop and refine our ratings criteria in staying abreast of developments in a rapidly changing market.

Do More With A U.S. Public Finance Rating From S&P Global Ratings

Credit ratings are opinions on the relative credit risk that is associated with the ability and willingness of an issuer to meet its financial obligations in full and on time.

An independent credit rating from S&P Global Ratings can help to:

- Inform a wider audience of investors about a debt offering
- Demonstrate transparency to market participants and regulators
- Strengthen your positioning in dealing with lenders, suppliers and counterparties
- Benchmark performance against peers and competitors
- Post-sale, provide an ongoing, independent opinion of your current credit quality to your investors and other market participants

Our Footprint

20,000+

Ratings outstanding on U.S. public finance entities.

180+

Rating analysts dedicated to U.S. public finance.

150+

Articles delivered annually on topical credit issues.

6 Regional Offices

Boston, MA
Chicago, IL
New York, NY

Centennial, CO
Dallas, TX
San Francisco, CA

Knowledgeable Analysts Within Reach

The way we see it

With six offices across the U.S. and credit analysts who have years of sector-focused experience, USPF bases its credit opinions on, among other things, its understanding of and long experience with regional characteristics, economic factors and market conditions that can affect an issuer's financial performance. USPF also knows that each issuer is unique, so we listen closely to what issuers have to say about their challenges, opportunities and strategic plans.

All these factors work together to help us assign a rating that is grounded in understanding, independence and credibility to meet today's market demands.

Keeping You Informed

We offer a variety of publications and online resources that are designed to help market participants gain a better understanding of our ratings and important trends, as well as what's happening in the financial marketplace. We offer a variety of ways to stay informed, including:

- Published research and periodic, sector-specific commentaries, including median ratio reports
- Complimentary in-person roundtables, podcasts, and live webinars
- Newsletters
- Ratings360® digital platform
- Personalized content by registering at spglobal.com/ratings/en/register

...and more.



A Look Inside the Ratings Process

In-depth and transparent

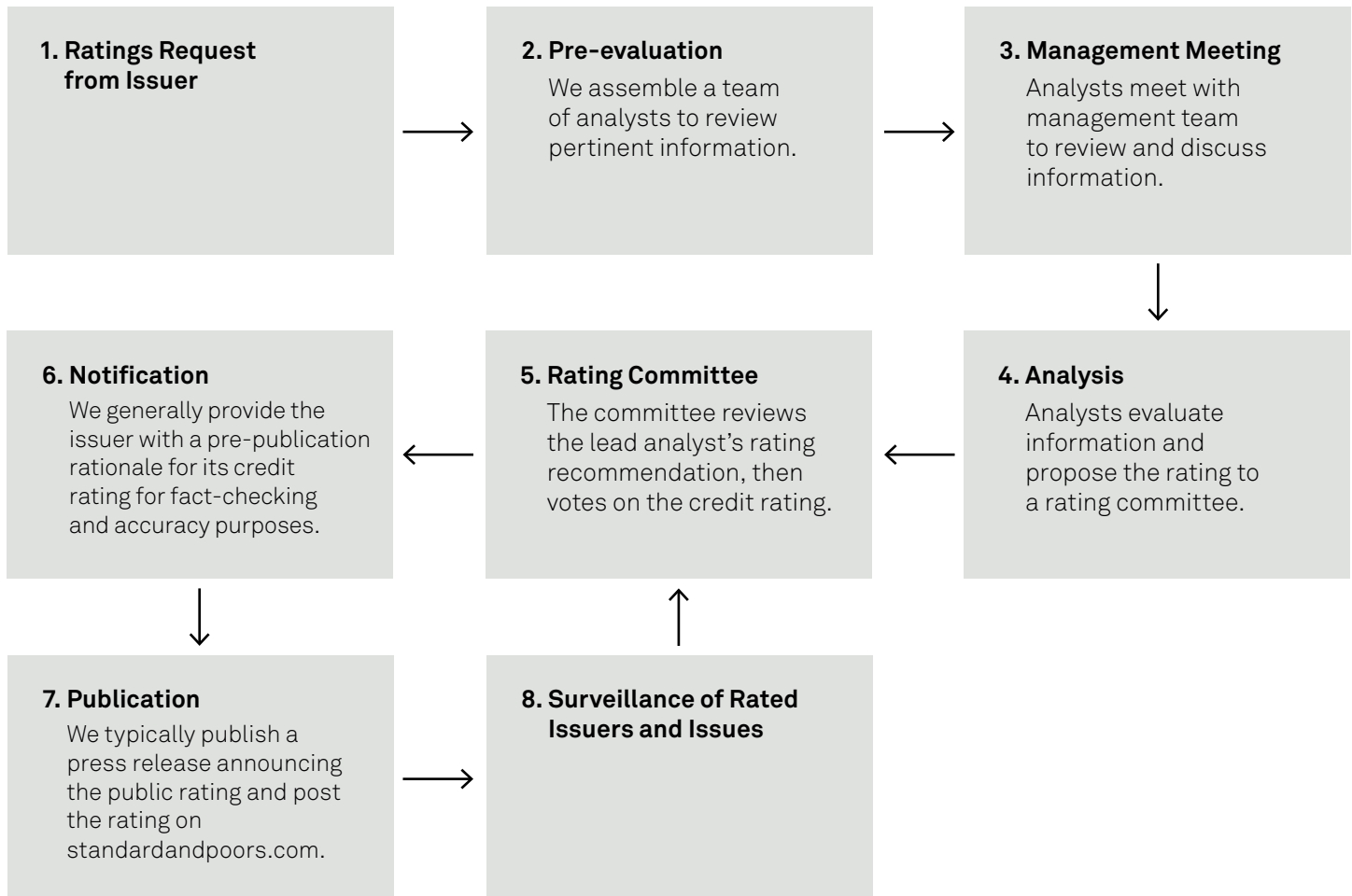
S&P Global Ratings' USPF group offers various types of credit opinion products, some of which are described below. Among these products are issuer and issue credit ratings (which can be public, private or confidential), credit assessments, Ratings Evaluation Service (RES) assessments, private credit analyses (PCAs) and Local Government Investment Pool (LGIP) ratings. While these products differ in their specifics, they share elements of a common ratings process.

Credit ratings, credit assessments and other credit opinion products are based on, among other things, confidentially provided and publicly available information and information obtained from meetings with management and policy makers. Our analysts then analyze this information according to our published criteria to assess an issuer's financial condition, operating performance, policies and risk management strategies.

Following this analysis, the USPF analyst arrives at a view of the issuer's financial strength and presents a recommendation to a USPF rating committee. The rating committee is composed of seasoned analysts typically representing a cross-section of the USPF team nationally who each vote on the lead analyst's recommendation. The committee discusses the recommendation and its supporting reasoning, assigns the rating, and approves the rationale which will be published if the issuer requests a public rating. Following issuance, the analyst will periodically review the rating, taking into account developments at the issuer, sector, and regional levels, and make subsequent recommendations to the rating committee.

Our USPF analytical team remains available to talk with issuers about their ratings and, beyond transactional work, industry and sector developments. The team also responds to investor queries about public ratings, based on the published rationale.

Our Rating Process



Our Credit Ratings Scale

The ABCs

Our credit rating symbols give issuers and investors a simple, efficient way to interpret our opinions. These symbols provide a benchmark for evaluating the relative creditworthiness and credit quality of issuers and issues worldwide. The rating symbols are accompanied by a written rationale supporting the committee's decision.

Ratings Definitions

Investment Grade	AAA	Extremely strong capacity to meet financial commitments. Highest rating
	AA	Very strong capacity to meet financial commitments
	A	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances
	BBB	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions
	BBB-	Considered lowest investment grade by market participants
Speculative Grade	BB+	Considered highest speculative grade by market participants
	BB	Less vulnerable in the near term but faces major ongoing uncertainties to adverse business, financial and economic conditions
	B	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments
	CCC	Currently vulnerable and dependent on favorable business, financial and economic conditions to meet financial commitments
	CC	Highly vulnerable; default has not yet occurred, but is expected to be a virtual certainty
	C	Currently highly vulnerable to non-payment, and ultimate recovery is expected to be lower than that of higher rated obligations
	D	Payment default on a financial commitment or breach of an imputed promise; also used when a bankruptcy petition has been filed or similar action taken

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Options to Fit Your Needs

To help issuers inform their decision-making process, and to provide investors with an independent opinion of risk, we offer a variety of rating types and other non-rating products and services that deliver our views of credit quality Issuer Credit Ratings.

Issuer Credit Ratings

An Issuer Credit Rating (ICR) is our forward-looking opinion of an issuer's overall capacity to meet current financial commitments as they come due and does not apply to the terms and provisions of a particular debt instrument. An issuer typically uses an ICR to give banks, lessors, government agencies and other third parties our view of the issuer's general credit profile and financial strength.

An ICR can be beneficial when discussing the terms of a loan, lease, letter of credit or counterparty agreement, as well as in negotiating other commercial arrangements where the issuer's credit strength may be a factor. It can also be an effective management tool in pinpointing the strengths and weaknesses in an organization's financial and operational profile.

A USPF ICR can, subject to certain limitations, be public, private or confidential.

Issue Credit Ratings

An Issue Credit Rating is our forward-looking opinion about the creditworthiness of an issuer (obligor) relating to a specific financial obligation, including program ratings (e.g., medium-term note programs, commercial paper programs, etc.). Issue ratings can be long-term or short-term and are generally based on our opinion of the following factors:

- Likelihood of payment – capacity and willingness of the obligor to meet its financial commitment on an obligation according to its terms
- Legal provisions of the obligation, and
- Relative position of the obligation in the event of bankruptcy

A USPF issue credit rating can, subject to certain limitations, be public, private or confidential.

How Ratings May Be Shared

Public Credit Ratings

A Public Credit Rating is the most commonly requested type of rating. If the issuer selects a public credit rating, We will publish the rating and its supporting analysis after the analytical team has presented it to the issuer.

Private Credit Ratings

A Private Credit Rating can be requested except in cases where the issuer has previously issued publicly-rated pari passu or "parity" debt. If the issuer selects a Private Credit Rating, it and its supporting analysis can be used to raise funding to the extent permitted by law and will be available to a limited number of investors and other third parties on a limited-access website.

Confidential Credit Ratings

A Confidential Credit Rating can be requested except in cases where the issuer has previously issued publicly-rated pari passu or "parity" debt. Confidential Credit Ratings can be requested for both ICRs and issue credit ratings but should not be used for raising funding. A Confidential Credit Rating may only be used by the issuer and its professional advisors. Once our analytical team informs the issuer of the rating, the issuer can decide whether to convert the confidential rating to a private or public rating.

Underlying Ratings

Many investors prefer bonds sold with credit enhancement (such as municipal bond insurance, state programs, or a letter of credit) to also carry an S&P Underlying Rating (SPUR) because of the additional insight our analysis provides. A SPUR represents the rating that would be assigned to the issue absent any credit enhancement.

Because SPURs can assist municipal bond investors with their analyses of the credit characteristics of unenhanced issues, they can help investors make informed choices based on their individual investment objectives, while also helping issuers expand their pool of potential investors.

Liquidity Assessments

Many rated issuers seek cost-effective alternatives to traditional bank-sponsored lines of credit and standby bond purchase agreements. Providing liquidity through their own assets could be one solution. That's why USPF developed Liquidity Assessments—to give state and local governments, as well as housing agencies, universities, hospitals and other not-for-profit organizations, an assessment of their likely ability to use their own assets to cover various debt obligations. Liquidity Assessments are typically done as part of the credit rating process.

With a Liquidity Assessment, potential investors are informed of the issuer's overall liquidity, as well as the credit and market risk profile of the issuer's portfolio. We conduct ongoing surveillance to monitor key information, and conduct an annual management review, to assess any critical changes that affect the debt issuer's liquidity positions, including its:

- Ability to liquidate assets identified for purchasing self-liquidity-backed debt, as well as the volatility of those assets
- Investment policies, risk management procedures and operational structure

Local Government Investment Pool Ratings

S&P's ratings on Local Government Investment Pools (LGIPs) give pool participants and investors insight into the credit quality, investment strategies and management of money market and fixed-income pools.

Principal Stability Fund Ratings are assigned to 2a-7-like pools with an investment strategy focused on maintaining stable principal (net asset value). Our analysis focuses primarily on the creditworthiness of the pools' investments and counterparties, and also their investments' maturity structure and managements' ability and policies to maintain the pools' stable net asset value.

For pools with variable net asset values or investment guidelines closer to short-term fixed-income funds, we assign two types of ratings. A Fund Credit Quality Rating provides our opinion of a pool's ability to protect against losses related specifically to credit defaults. In addition to credit factors, changes in market conditions can affect the net asset value of a pool. Fund Volatility Ratings complement the Fund Credit Quality Ratings and give investors an independent outlook about a fixed-income pool's exposure to changing market conditions that can lead to share price and return volatility.

To keep ratings current, we review weekly reports about pool holdings and summary statistics for Principal Stability Fund Ratings, and monthly reports for Fund Credit Quality Ratings and Fund Volatility Ratings.

Other Non-Ratings Products and Services

S&P Global Ratings' U.S. Public Finance group offers several non-ratings products that may be of use to issuers in the sector. These products are not used to raise funding, but for internal strategy purposes.

Credit Assessments

For issues not yet rated by S&P Global Ratings, a Credit Assessment may be valuable for issuers planning a debt financing. It is a cost-effective alternative to a traditional credit rating and can be based on our evaluation of summary information. The result is our confidential opinion about the expected creditworthiness of an issuer or a debt issue to give early input into the issuer's internal financial planning. Credit assessments should not be used to raise capital.

Credit assessment outcomes are not ratings; instead, credit assessments are characterized by broadly descriptive terms (e.g., High Investment Grade, Medium Investment Grade, etc.) which cover a range of potential credit rating outcomes. A credit assessment is a point-in-time evaluation (there is no periodic updating or "surveillance") and its use is limited to confidential use by the issuer and the issuer's professional advisors. As the analysis behind a credit assessment is higher level, access to more extensive information may affect our final rating outcome if the issuer decides to move to a rating.

Results of a Credit Assessment map to potential rating outcomes as follows:

Low Speculative Grade	Potential Rating Category
High Investment Grade	AAA/AA Category
Medium Investment Grade	A Category
Low Investment Grade	BBB Category
High Speculative Grade	BB Category
Low Speculative Grade	B Category and below

Credit Assessments are not available for new tranches of rated pari passu "parity" debt. As an alternative, our Rating Evaluation Service (RES) provides initial indicative rating outcomes based on hypothetical financing scenarios provided to us by the issuer.

Ratings360®

We recognize our customers' time is precious and their workflow is gaining in complexity. Issuers expect simple solutions which can help them mitigate risks and enhance efficiencies while taking care of their bottom line. Our goal is to help issuers make decisions with conviction so that they may secure the investment needed for them to grow and prosper.

R360®, our latest digital platform current core capabilities include:

- Quickly and easily view information related to their rating(s) in one convenient location
- Create a custom peer portfolio and benchmark ratings, scores and financial data against competitors
- Access research and commentary from our team of 1,500+ Analysts and Economists globally
- And more

Rating Evaluation Service

Our Rating Evaluation Service (RES) offers issuers our confidential opinion about the potential credit impact of proposed strategic initiatives before they are implemented.

Based on hypothetical scenarios provided by the issuer, we will give a confidential written evaluation, which is an initial indicative rating outcome (but not a rating), for each scenario. This independent evaluation can help issuers weigh their options before moving ahead.

These issuers may be considering,

- Major capital programs
- Changes to operating structure
- Issuing different mixes of security types
- Debt capacity to be managed

The RES is not a credit rating and may not be used to raise capital. If the issuer decides to implement a particular scenario, the scenario can be presented to a rating committee.

Private Credit Analysis

When issuers are interested in the creditworthiness of unrated entities such as counterparties, developers and pool participants, they often consider USPF's Private Credit Analysis. While not a rating, the Private Credit Analysis is a "point-in-time" snapshot of a third party's credit profile based on publicly available information. As with our Credit Analysis product, there is no surveillance of a Private Credit Analysis, although the analysis can be updated on request.

S&P Global Ratings provides a variety of Sustainable Financing Opinions to help companies provide investors with greater insight into how their investments will impact and align with environmental, social and sustainability goals. Our options include Second Party Opinions (SPOs) and Transaction Evaluations.

Second Party Opinion (SPO) — Use of Proceeds Financing

Assesses a framework or transaction —where the proceeds will be used exclusively to finance eligible environmental or social projects —for alignment with third-party principles and guidelines.

- **Green Framework/Transaction**
Alignment with Green Bond Principles (GBPs), ASEAN Green Bond Standards (AGBS) and/or Green Loan Principles (GLPs).
- **Social Framework/Transaction**
Alignment with Social Bond Principles (SBPs) and/or Social Loan Principles (SLPs).
- **Sustainability Framework/Transaction**
Alignment with Social Bond Principles (SBPs) and/or Social Loan Principles (SLPs).

Second Party Opinion (SPO) — Sustainability Linked Financing

Assesses a framework or transaction —where the proceeds will be used for general corporate purposes —for alignment with third-party principles and guidelines.

- **Sustainability-Linked Framework/Transaction**
Alignment with Sustainability Linked Bond Principles (SLBPs)/Sustainability Linked Loan Principles (SLLPs).

Transaction Evaluation

Assesses the relative environmental benefit generated by a green/resilience financing and an opinion on governance and reporting.

- **Transaction Evaluation**
Can be combined with Alignment Opinion with Green Bond Principles (GBPs), ASEAN Green Bond Standards (AGBS) and/or Green Loan Principles (GLPs).

ESG Evaluation

We believe public entities and not-for-profit enterprises possess unique considerations in regard to ESG factors, given their role as providers of safety-net social services and essential public goods, often with multilayered governance and institutional frameworks, as well as political accountability.

S&P Global Ratings ESG Evaluation is for U.S. Public Finance entities looking to help their investors gain a better understanding of their strategy, purpose and management quality.

At a Glance: Products/Services for Issuers

Typical Issuer Needs	Products/Services	How Ratings May Be Shared		
		Confidential	Private	Public
<ul style="list-style-type: none"> – Considering issuing bonds – Issuer considering selling bonds using a new revenue or security pledge 	Credit Assessment	X		
<ul style="list-style-type: none"> – To help sell bonds in the capital markets 	Issue Credit Rating	X	X	X
<ul style="list-style-type: none"> – To help compare issuer to other entities; no debt planned – To help demonstrate creditworthiness to banks, other financial institutions, lessors or other third parties – To help you understand your relative financial strengths and key ratios for internal benchmarking purposes 	Issuer Credit Rating	X	X	X
<ul style="list-style-type: none"> – To help you estimate how much additional debt may be issued without potentially affecting existing rating – To help you estimate the potential rating impact when exploring various ways to finance a project or when considering financing a project – To assist in the tender process for constructing/ operating a public asset (typically for public-private partnerships) 	Rating Evaluation Service	X		

S&P Global Ratings—U.S. Public Finance

Ratings with perspective

Understanding credit quality is important. Balancing risk and reward takes perspective. And that's why we deliver the perspective that can help issuers and investors make sound financial decisions, every day.

Turn to S&P Global Ratings for our perspective on the creditworthiness of municipalities, public agencies, government-owned facilities and not-for-profit organizations. Our U.S. Public Finance team will deliver transparent criteria and time-tested analytics, based on our sector knowledge and depth of experience.

Investors may use credit ratings to help assess credit risk and to compare different issuers and debt issues when making investment decisions and managing their portfolios. For example, both institutional and individual investors may use our credit ratings as one input in evaluating the purchase of a municipal bond from a risk tolerance perspective. Equally important, our analysts and Market Outreach teams frequently engage with investors at conferences, roundtables and one-on-one meetings to provide sector-wide and issuer-specific perspective, offering transparency and insight that enhances the value of our credit ratings.

Contact Us

Team Lead

Kate Boatright

+1 214-871-1420

kate.boatright@spglobal.com

Midwest and South

Michelle Smithen

+1-214-871-1423

michelle.smithen@spglobal.com

East

Anthony Ivancich

+1-212-438-5060

anthony.ivancich@spglobal.com

West

Marc Hughes

+1-415-371-501

marc.hughes@spglobal.com

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