MEMORANDUM

Date: February 23, 2016

To: The Honorable Chair and Members
   Pima County Board of Supervisors

From: C.H. Huckelberry
       County Administrator

Re: Pima County's Credit Ratings

Pima County's credit was recently rated by Standard & Poor's Ratings Service, as well as Fitch Ratings.

Fitch Ratings affirmed the County’s “AA” rating for General Obligation bonds and “AA-” for Certificates of Participation and rated the County’s outlook stable.

Standard & Poor’s rated the County’s General Obligation bonds “AA-” and Certificates of Participation “A+” and changed the outlook from stable to positive.

The ratings are attached for your information and review. Positive highlights of the rating include the County’s short-term debt, stabilized financial performance and strong management and budget performance.

CHH/lab

Attachments

cc: Tom Burke, Deputy County Administrator for Administration
   Keith Dommer, Director, Finance and Risk Management
Fitch Rates Pima County, AZ's COPS 'AA-'; Outlook Stable

Fitch Ratings-Austin-16 February 2016: Fitch Ratings has assigned an 'AA-' rating to the following Pima County, AZ (the county) securities:

---$29.49 million certificates of participation (COPs) series 2016A;
---$15.195 million COPs, taxable series 2016B.

The COPs are scheduled for a negotiated sale the week of March 7. Proceeds from series A will finance wastewater system improvements and refund outstanding debt for savings. Series B will finance a new aeronautics facility.

In addition, Fitch affirms the following county ratings:

---$383.9 million outstanding GO bonds at 'AA';
---$139.35 million outstanding COPs at 'AA-'.

The Rating Outlook is Stable.

SECURITY

The series 2016 and outstanding COPs are payable from payments from the county under a master lease agreement with a security interest in mostly essential assets. The lease is subject to annual appropriation and the trustee has the right to seize the assets in the event of less than full appropriation. GO bonds are payable from an unlimited ad valorem tax levied against all taxable property in the county.

KEY RATING DRIVERS

STABILIZED FINANCES: Modest improvement in fiscal 2015 reserves reflects strong revenue growth mirroring the expansionary economic cycle. Fitch expects that conservative budgeting and the county's commitment to reserve adequacy will continue to generate an improved financial cushion over the next several years.

TAX BASE BOTTOMS OUT: Fiscal 2016 tax base growth begins to reverse a trend of precipitous multi-year declines. Fitch expects further tax base gains based on development underway and the two year lag from market value.

LARGE, DIVERSE REGIONAL ECONOMY: The local economy remains a positive long-term credit consideration, with its diverse and stable elements providing a sound foundation.

MODERATE LONG-TERM LIABILITIES: Fitch anticipates the county's long-term liabilities to remain moderate based on a rapid debt amortization schedule and current issuance plans. Pension plan obligations are manageable.

RATING DISTINCTION ON COPs: The COP rating is one notch lower than the unlimited tax (ULT) rating. Although lease payments are subject to annual appropriation, Fitch believes the incentive to continue to appropriate is strong. The county is a regular COP issuer and most of the leased assets are
essential to core governmental purposes.

RATING SENSITIVITIES

ADEQUATE FINANCIAL FLEXIBILITY: The ratings reflect Fitch’s expectation that the county will be successful in its plans to replenish operating reserves to historical levels.

CREDIT PROFILE

Pima County is home to Tucson, Arizona’s second largest city, with an approximate population of about 1 million.

IMPROVING FINANCES MIRROR ECONOMIC RECOVERY

Fiscal 2015 unrestricted reserves of $48.1 million represent 8.9% of spending, above the county’s minimum reserve target of 5%. Fitch considers the target low given the demonstrated revenue volatility of the last economic cycle. The county increased its fiscal 2015 primary tax rate by 16.7%, which yielded about a 15.7% levy increase, to address expenditure growth coming out of reduced spending during the recession.

Property tax revenues contribute 62% of fiscal 2015 general fund revenues. Officials project fiscal year-end 2016 reserves to approximate $48.5 million (9.1% of spending). The county typically outperforms its conservative budget assumptions and Fitch expects the county will take advantage of improving economic trends to rebuild reserves.

MANAGEABLE DEBT BURDEN

Series 2016A proceeds will fund waste water improvements and refund outstanding obligations for savings. The taxable series 2016B COPs will finance a new aeronautics facility to be leased to a private entity as part of an economic development initiative of the County.

Overall debt is moderate at 2.2% of fiscal 2016 market value. Fitch expects the county’s debt burden to remain moderate based on a rapid amortization schedule and modest near term issuance plans. Fiscal 2017 issuance plans include routine GOs, $10 million in transportation bonds, and an estimated $45 million in sewer revenue obligations.

UNDERFUNDED STATE PENSION PLANS

The county participates in five state-sponsored pension programs for its retirees. The three most significant of these are the Arizona State Retirement System (ASRS), a cost-sharing multiple-employer plan; the Public Safety Personnel Retirement system (PSPRS), an agent multiple-employer (AME) plan; and the Corrections Officer Retirement Plan (CORP), also an AME plan.

Under GASB 67 and 68, the county reports a fiscal 2015 ASRS net pension liability (NPL) of $379 million, with fiduciary assets covering 69.5% of total pension liabilities at the plan’s 8% investment return assumption (approximately 63% based on a lower 7% investment rate assumption). The NPL for the county’s PSPRS plan is $185 million, with fiduciary assets covering 43.1% of total pension liabilities at the plan’s 7.85% investment return assumption (approximately 39.4% based on a lower 7% investment rate assumption). The NPL for the county’s CORP is $52 million, with fiduciary assets covering 48.2% of total pension liabilities at the plan’s 7.85% investment return assumption (approximately 44.1% based on a lower 7% investment rate assumption).

The NPL of all county plans represent a modest 1.4% of the city’s fiscal 2015 market value.
unfunded OPEB liability is de minimus. Fitch will continue to evaluate efforts at the state level to improve the sustainability of the PSPRS plan.

The county's fiscal 2015 carrying costs, including debt service, state pension and OPEB contributions are moderate at 17.2% of fiscal 2015 governmental spending.

LARGE, DIVERSE REGIONAL ECONOMY

The county's diverse economy features higher education, healthcare, government, technology, tourism and manufacturing as primary anchors. The top 10 taxpayers represent retail, healthcare, utility and mining sectors, comprising a modest 7.0% of total fiscal 2015 assessed valuation.


An unemployment rate of 5% as of December 2015 is favorable to the state average of 5.5% for the same period. The county's housing market continues to strengthen as evidenced by a reported uptick in permits and housing starts. County wealth levels are moderately below state and national averages.

Contact:

Primary Analyst
Rebecca Meyer, CFA, CPA
Director
+1-512-215-3733
Fitch Ratings, Inc.
111 Congress Ave., Suite 2010
Austin, Texas 78701

Secondary Analyst
Leslie Cook
Analyst
+1-212-908-0507

Committee Chairperson
Amy Laskey
Managing Director
+1-212-908-0568

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email: elizabeth.fogerty@fitchratings.com.

Additional information is available at ‘www.fitchratings.com’.

Fitch recently published an exposure draft of state and local government tax-supported criteria (Exposure Draft: U.S. Tax-Supported Rating Criteria, dated Sept. 10, 2015). The draft includes a number of proposed revisions to existing criteria. If applied in the proposed form, Fitch estimates the revised criteria would result in changes to less than 10% of existing tax-supported ratings. Fitch expects
that final criteria will be approved and published by the end of the first quarter of 2016. Once approved, the criteria will be applied immediately to any new issue and surveillance rating review. Fitch anticipates the criteria to be applied to all ratings that fall under the criteria within a 12-month period from the final approval date.

In addition to the sources of information identified in the applicable criteria specified below, this action was informed by information from Lumesis and the Zillow Group

**Applicable Criteria**


**Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form ([https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=999552&cft=0](https://www.fitchratings.com/creditdesk/press_releases/content/ridf_frame.cfm?pr_id=999552&cft=0))


ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS (http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE ON THIS ISSUER ON THE FITCH WEBSITE.

**Endorsement Policy** - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures ([https://www.fitchratings.com/regulatory](https://www.fitchratings.com/regulatory)) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.
Summary:
Pima County, Arizona; Appropriations; General Obligation

Primary Credit Analyst:
Sarah Sullivan, New York 415-371-5051; sarah.sullivan@standardandpoors.com

Secondary Contact:
Kate R Burroughs, San Francisco (1) 415-371-5081; kathleen.burroughs@standardandpoors.com

Table Of Contents

Rationale

Outlook

Related Criteria And Research
Summary:

Pima County, Arizona; Appropriations; General Obligation

Credit Profile

US$29.505 ml certs of part ser 2016A due 12/01/2021

Long Term Rating: A+/Positive
New

US$15.175 ml certs of part ser 2016B due 12/01/2030

Long Term Rating: A+/Positive
New

Pima Cnty GO

Unenhanced Rating: AA-(SPUR)/Positive
Outlook Revised

Rationale

Standard & Poor's Ratings Services revised its outlook to positive from stable on Pima County, Ariz.'s existing general obligation (GO) bonds and certificates of participation (COPs). At the same time, Standard & Poor's affirmed its 'AA-' long-term rating and underlying rating (SPUR) on the county's outstanding GO bonds, and its 'A+' rating on the county's outstanding COPs. Standard & Poor's also assigned its 'A+' rating and positive outlook to the county's 2016 COPs.

The outlook revision reflects our opinion of the county's recently stabilized financial performance, bolstered by a permanent increase in its property tax rate, as well as our expectation of improving expenditure flexibility, which we believe raises the chance of a higher rating within the next two years to at least one in three.

Proceeds from the COPs will finance improvements to the county wastewater system and a new company headquarters for an aerospace manufacturing employer, as well as for refunding existing COPs of the county for debt service savings. The COPs are payable from legally available revenues of the county; however, we understand the county expects to rely on its wastewater enterprise revenues to pay debt service on the COPs being issued for wastewater improvements, and its general fund to pay debt service on the remaining COPs. The certificates represent an interest in lease payments made by the county, as lessor, to U.S. Bank N.A., for the use of certain leased property, including the county's public works building, the legal services building, two parking garages, a public service center office tower, and certain adult detention (jail) facilities of the county. Lease payments are subject to annual appropriation.

Revenues from unlimited ad valorem taxes levied on taxable property within the county secure the GO bonds. The county has the power and obligation to levy these taxes without limitation as to rate or amount.

The rating on the COPs reflects the county's covenant to budget and appropriate annual lease payments. In addition, the ratings reflect our local GO criteria, as well as our assessment of the following credit factors:
Summary: Pima County, Arizona; Appropriations; General Obligation

- Adequate economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with balanced operating results in the general fund and at the total governmental fund level in fiscal 2015;
- Adequate budgetary flexibility, with an available fund balance in fiscal 2015 of 9.0% of operating expenditures, as well as limited capacity to reduce expenditures;
- Very strong liquidity, with total government available cash at 34.8% of total governmental fund expenditures and 2.6x governmental debt service, and access to external liquidity we consider exceptional;
- Strong debt and contingent liability position, with debt service carrying charges at 13.3% of expenditures and net direct debt that is 63.2% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with all debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

Adequate economy

We consider the county’s economy adequate. Pima County, with an estimated population of 1 million, is located in the Tucson, Ariz. MSA, which we consider to be broad and diverse. The county has a projected per capita effective buying income of 91.6% of the national level and per capita market value of $65,918. Overall, the county’s market value fell by 10.6% over the past year to $67.4 billion in 2016. The county unemployment rate was 6.2% in 2014.

Top employers in the county include the University of Arizona (11,000), Raytheon Missile Systems (9,900), the state of Arizona (9,000), and Davis-Monthan Air Force Base (9,000). While we consider the regional economic base to be diverse, its reliance on the aerospace, defense and government sectors has contributed to a weaker recovery relative to areas less dependent on federal, state, and local government spending.

Although not as severe as those experienced in other parts of the state, declines in property values during the recession weakened estimated net full cash value (market value) and per capita market value significantly. In fiscal 2016, total estimated net full cash value in the county increased by 5.7% over the prior year, the first increase in four years. Meanwhile, limited property value -- the base for determining property tax levies -- increased by 0.5% to $7.62 billion. Although market value in 2016 resumed growth, we do not expect growth to translate to per capita market values in excess of $80,000 within the next two years.

Strong management

We view the county’s management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights include the following:

- The budget is based upon major revenue projections from the county and the state that include property tax revenues and state-shared revenues, while departmental expenditures are built on zero-based budgets.
- Officials review budget-to-actual performance on a monthly basis and monitor investment performance monthly, in accordance with an investment management policy that specifies permitted investments, maturities, benchmarks, and objectives.
- A formal debt policy limits the types, permitted uses, maximum maturities, and sources of payment for bonded debt
and sets procedures for debt monitoring and oversight.

- The county maintains a comprehensive five-year rolling capital improvement plan, updated annually, and produces informal five-year financial projections as part of its budget development.
- No formal general fund reserve policy exists; however, the county has resolved to maintain a debt service retirement reserve of $5 million, and informally targets a minimum 5% reserve for contingencies, which is appropriated in its annual budget.

**Strong budgetary performance**

Pima County's budgetary performance is strong in our opinion. The county had balanced operating results of negative 0.3% of expenditures in the general fund and of negative 0.2% across all governmental funds in fiscal 2015.

Top line operating revenues in fiscal 2015, unadjusted for one-time items, grew by $54 million (11%) in response to an increase in the primary property tax rate and growth in state-shared sales tax revenues. At the same time, however, operating expenditures are increasing as the result of the state shifting costs to the local level and increases in employee benefit costs. After adjusting for one-time expenditures, use of bond proceeds, and recurring transfers, we consider the county's operating performance for fiscal 2015 essentially balanced, with another year of balanced operations budgeted in fiscal 2016. We understand that the county increased its primary property tax rate in fiscal 2016 to offset escalating costs, and we expect operating performance to remain strong over the near term.

**Adequate budgetary flexibility**

Pima County's budgetary flexibility is adequate, in our view, with an available fund balance in fiscal 2015 of 9.0% of operating expenditures, or $48.1 million. Negatively affecting budgetary flexibility, in our view, is limited capacity to reduce expenditures.

Based on the county's 2016 budget and our conversations with management, we believe reserve levels have stabilized at about 9% of general fund expenditures, which is below historical levels of roughly 16%. Management reports that it does not expect to alter reserve levels, given that it currently holds an amount equal to its reserve policy targeting 5% of projected revenues plus an additional $5 million for budget contingencies.

We believe the severe budget cuts made in fiscal years 2011-2014 in response to declining revenues have constrained the county's financial flexibility, leaving it with limited ability to further cut expenditures beyond current levels, many of which are mandated by state law and growing annually. Management's projections for fiscal 2016 suggest that service levels will remain static this year, leading us to believe that limited expenditure flexibility will persist at least through the current year, until major revenue sources recover to levels beyond current operating expenditures.

**Very strong liquidity**

In our opinion, Pima County's liquidity is very strong, with total government available cash at 34.8% of total governmental fund expenditures and 2.6x governmental debt service in 2015. In our view, the county has exceptional access to external liquidity if necessary.

We believe the county has exceptional access to external liquidity as evidenced by its consistent and diverse bond programs over the last 15 years, and we have not identified any immediate, short-term risks to liquidity. Arizona statutes permit counties to invest public funds in ways we consider permissive and potentially risky; we note that the county reports $233 million (28%) of its portfolio is invested in corporate debt rated 'BBB-' by Standard & Poor's.
However, we believe the remaining portfolio balance provides sufficient liquidity to meet the county's operating needs.

We have not identified any contingent liquidity risks in the form of direct purchase or variable-rate debt or significant contingent liabilities.

**Strong debt and contingent liability profile**

In our view, Pima County's debt and contingent liability profile is strong. Total governmental fund debt service is 13.3% of total governmental fund expenditures, and net direct debt is 63.2% of total governmental fund revenue. Overall net debt is low at 2.0% of market value, and all of the direct debt is scheduled to be repaid within 10 years, which are in our view positive credit factors.

We understand the county plans to issue its remaining $25 million in authorized GO debt in fiscal 2017, but this issuance would not substantially alter our opinion of its debt profile. The county's debt management policy calls for a maximum amortization period of 15 years for GO, appropriation, and revenue debt, and we understand that any future GO authorization would comply with the policy.

Pima County's combined required pension and actual other postemployment benefits (OPEB) contributions totaled 5.3% of total governmental fund expenditures in 2015. The county made its full annual required pension contribution in 2015.

The county contributes to four multiple employer pension plans and has consistently funded its annual required contributions, as well as a portion of employees' statutorily required contributions. It reported an aggregate net pension liability of $653 million in fiscal 2015. The Arizona State Retirement System (ASRS), the largest single retirement plan, represents 65% of the county's current annual pension expenditures. As of June 30 2015, the ASRS plan was 75% funded. The Public Safety Personnel Retirement Plan was 55% funded, and the Corrections Officer Retirement System was 62% funded.

OPEBs for certain retired employees are provided through these state retirement systems and financed on a pay-as-you-go basis, and we understand that the county closed retiree health benefit plans to new members several years ago, which lowered its unfunded OPEB liability. Combined pension and OPEB expenditures in fiscal 2015 totaled 5.3% of total governmental funds expenditures. We consider this to be a low carrying charge for pension obligations although future increases in contribution rates, if not accompanied by funding progress, could elevate the county's pension burden.

**Strong institutional framework**

The institutional framework score for Arizona counties is strong.

**Outlook**

The positive outlook reflects our view of the county's recent efforts to stabilize primary property tax revenues and financial performance, which, together with growth in economically sensitive revenues, increases the chance of a higher rating within the next two years to at least one in three.
We could revise the outlook to stable during the next two years if the county's financial performance were to deteriorate beyond levels we consider adequate, suggesting it may be having trouble maintaining operating balance in light of limited expenditure flexibility and slow revenue growth.

**Related Criteria And Research**

**Related Criteria**
- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

**Related Research**
- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Arizona Local Governments

<table>
<thead>
<tr>
<th>Ratings Detail (As Of February 18, 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pima Cnty certs of part</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty rfdg certs of part</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty GO bnds</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty GO bnds</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty APPROP</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty APPROP</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty APPROP</td>
</tr>
<tr>
<td>Long Term Rating</td>
</tr>
<tr>
<td>Pima Cnty certs of part (Justice Bldg Proj) ser 2007</td>
</tr>
<tr>
<td>Unenhanced Rating</td>
</tr>
<tr>
<td>Pima Cnty GO</td>
</tr>
<tr>
<td>Unenhanced Rating</td>
</tr>
</tbody>
</table>

Many issues are enhanced by bond insurance.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors,
have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.
No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.capitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.