

JULY 16, 2018

RHODE ISLAND DEBT ISSUER EDUCATION CONFERENCE

Janney

COMMUNICATION AND DIALOGUE WITH RATING AGENCIES/MAINTAINING GOOD RELATIONS

- ❑ Engage in periodic discussion and updates
 - Do not limit dialogue to only around the time of an issuance
- ❑ Get ahead of bad news, full disclosure is always better
- ❑ Define a plan to manage adverse situations and include the rating agencies in your planning
- ❑ Qualitative as well as quantitative data is useful in presenting the complete credit story

DEFINING DEBT POLICIES/FORECASTS/CAPITAL PLANS

- ❑ Share management's objectives
- ❑ Update rating agencies on any new plans, even if the plans are far in the future
- ❑ Identify how these plans will impact your credit profile

SELECTION – HOW MANY TO USE?

- ❑ A June 12, 2018 Bond Buyer article report on MMA research stated that year-to-date 2018 there is a 17.5% increase in single rated new issue sales
- ❑ Do not appear like you are rating shopping
 - Investors may think you are looking for the highest rating or hiding something
- ❑ Investors sometimes prefer to stick with what they know
 - May rely on existing agency subscriptions
 - Fewer ratings could mean less comprehensive research and a decrease in surveillance
- ❑ Investors will acknowledge all outstanding ratings, whether the rating is included on the issuance or not
 - Most investors will do their own research
 - Many investors have added research analysts since the crisis
- ❑ Most of the time, it is better to keep the rating agencies you have used in the past
- ❑ Eliminating a rating on a financing should be evaluated with Financial Advisor and/or Underwriter
 - May need to keep Moody's or Standard & Poor's

MARKETING – UNDERLYING RATINGS (SUCH AS FOR INTERCEPT)

- ❑ Despite positive ratings from an intercept mechanism, the underlying rating can be important to understand the full credit story of an issuer
- ❑ It is better to provide investors with all the data up front (versus piecemeal), before they lose interest
- ❑ Underlying rating will be factored into the pricing
- ❑ Better pricing results are likely with clearer information and greater disclosure

VALUE OF SITE VISITS

- Beneficial to schedule a site visit if:
 - You haven't issued in a while
 - There have been a lot of changes in your community or at your facility
 - There has been a lot of time since a face-to-face meeting/site visit of the area has occurred
 - There has been a change in analysts

CHANGING ANALYSTS AND RATING APPEALS

- ❑ Unpleasant but sometimes personalities do not mesh
 - An issuer may not feel listened to or understood
- ❑ Sometimes rating analysts become too accustomed to a credit or too ingrained in a point of view
- ❑ A change in analysts is not detrimental to the rating process
 - Rating agencies often rotate analysts for their own benefit
 - Allows rating analysts' to expand their experience
- ❑ Potential for appeals
 - Not to be used if the issuer is not satisfied with the outcome
 - Issuer needs to present new information or information not considered at the time of rating committee
 - Can be successfully accomplished if the rating does not reflect full information on the credit

CONTACT INFORMATION

VIVIAN ALTMAN, MANAGING DIRECTOR
575 LEXINGTON AVENUE, NEW YORK, NY 10022

PHONE: (646) 840-3202
VALTMAN@JANNEY.COM

Ms. Altman has been an investment banker in public finance for over 35 years. Previously, she was at JPMorgan. From 1991 to 2005, Ms. Altman owned her own financial advisory firm, Altman & Co., serving a wide range of clients including state and local governments and authorities. She has had a managing role in structuring and preparing issues for the market, financing general government projects, colleges and universities, economic development projects, toll roads, port facilities, transit properties, solid waste facilities, and student loan bond issues.

Ms. Altman was nominated in 1993 by Governor Whitman to serve on the board of the New Jersey Educational Facilities Authority and she was the Chairman of the Authority until stepping down in April 2010. She has served under governors Whitman, DiFrancesco, McGreevey, Codey, Corzine, and Christie. She also served as a member of the New Jersey Transportation Trust Fund Authority from 2000 to 2012. Ms. Altman served as member of the Executive Committee of the CARES Foundation, a support and advocacy organization for families affected by Congenital Adrenal Hyperplasia. Ms. Altman was a trustee of the Citizens Budget Commission. She is also a Founding Member and Co-President of Northeast Women in Public Finance. She was named in December 2011 as a Trailblazing Woman in Public Finance by the *Bond Buyer*.

Ms. Altman earned an M.A. Degree in Economics from the University of Pennsylvania with course work focusing on quantitative methods in econometrics, statistics, and public finance. Ms. Altman was a research fellow to Nobel Laureate Dr. Lawrence Klein, who also supervised her thesis. As a research fellow her work involved model building, economic forecasting and simulations. Ms. Altman received a B.A. degree in Economics from Barnard College.

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