RATING ACTION COMMENTARY

Fitch Rates Public Finance Authority VRDB, Series 2023 (Coleman Ponderosa LLC Proj) 'AA-'/'F1+'

Mon 10 Jul, 2023 - 9:48 AM ET

Fitch Ratings - New York - 10 Jul 2023: Fitch Ratings has assigned 'AA-'/'F1+' ratings to the $10,000,000 Public Finance Authority (a joint powers commission and a unit of government and body corporate and politic under the laws of the State of Wisconsin) variable rate demand solid waste disposal revenue bonds (Coleman Ponderosa LLC Project), Series 2023. The Ratings for the long-term rating and short-term rating are on Rating Watch Negative (RWN).

KEY RATING DRIVERS

The rating is based on the support provided by an irrevocable direct-pay confirming letter of credit (CLOC) issued by Agribank, FCB (Agribank; AA-/F1+/RWN), which has an initial stated expiration date of July 1, 2024, unless such date is automatically extended for one-year periods. The Agribank CLOC confirms the irrevocable direct-pay letter of credit (LOC) issued by GreenStone Farm Credit Services, FLCA, which is not rated by Fitch.

The LOC bank is obligated to make regularly scheduled payments of principal of and interest on the bonds in addition to payments due upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. The CLOC bank is obligated to make a payment for all outstanding bonds in the event the LOC bank fails to honor any draw or repudiates its obligations under the LOC.

The LOC provides full and sufficient coverage of principal plus an amount equal to 35 days of interest at a maximum rate of 10% based on a year of 365 days and purchase price for tendered bonds, while in the weekly rate mode. The CLOC provides the same full and sufficient coverage as the LOC. The LOC and CLOC expire on July 1, 2024, unless such date is automatically extended for one-year periods. The Remarketing Agent for the bonds is The Frazer Lanier Company, Inc. The bonds are expected to be offered on or about July 11, 2023.

The bonds will bear interest at a weekly rate, but may be converted to a fixed rate. While bonds bear interest in the weekly rate mode, interest payments are on the first business day of each month, commencing on Aug. 1, 2023. The trustee is obligated to make timely draws on the LOC to pay principal, interest, and purchase price. In the event the LOC bank fails to honor a draw or repudiates its obligations under the LOC, the trustee will declare an event of default and direct an immediate acceleration of all the bonds and draw on the CLOC for the amount of all outstanding bonds. Funds drawn under the LOC are held uninvested and are free from any lien prior to that of the bondholders.

Holders may tender their bonds on any business day, provided the trustee and remarketing agent are given the requisite prior notice of the purchase. The bonds are subject to mandatory tender: (1) upon conversion of the interest rate to a fixed rate mode; (2) upon expiration of the LOC or CLOC; or (3) upon substitution of the LOC or CLOC. Additional optional and mandatory redemption provisions also apply to the bonds. There are no provisions for the issuance of additional bonds.

Bond proceeds are being used to finance the solid waste disposal facility of a dairy facility located in the Town of Pound, Marinette County, Wisconsin.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--The long-term rating is exclusively tied to the long-term rating that Fitch maintains on the bank providing the CLOC. Changes to bank rating will affect the long-term rating assigned to the bonds;

--The short-term rating is exclusively tied to the short-term rating that Fitch maintains on the bank providing the CLOC and will reflect all changes to that rating.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--The long-term rating is exclusively tied to the long-term rating that Fitch maintains on the bank providing the CLOC. Changes to bank rating will affect the long-term rating assigned to the bonds;

--The short-term rating is exclusively tied to the short-term rating that Fitch maintains on the bank providing the CLOC and is currently in the highest rating category.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The rating assigned to the bonds is based on the support of a confirming letter of credit.

VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

U.S. Public Finance Letter of Credit-Supported Bonds and Commercial Paper Rating Criteria - Effective from February 2, 2021 to December 13, 2024 (pub. 02 Feb 2021) (including rating assumption sensitivity)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Public Finance Authority EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

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US Public Finance | North America | United States

RELATED REGIONS

United States

ENTITIES

Public Finance Authority

ISSUER CONTENT

Fitch Affirms Givens Estates, NC at 'A-'; Outlook Stable

Renown Health, Nevada

Fitch Rates Renown Health, NV's 2025 Revs 'A+'; Affirms IDR at 'A+'; Outlook Stable

Fitch Takes Various Rating Actions on U.S. Enhanced Municipal Bonds and TOBs

Fitch Affirms Kaiser Permanente, CA at 'AA-'; Outlook Stable

Providence Health and Services, Washington

Fitch Rates Providence Health, WA's 2025ABC Bonds 'A'; Outlook Stable

Fitch Takes Various Rating Actions on U.S.

RECOMMENDED CONTENT

Princeton, Texas

Royse City Independent School District, Texas - Amended

North East Independent School District, Texas

Jacksonville, Florida

Alvin Independent School District, Texas

Policy Risks Cloud U.S. Credit Outlook

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RATINGS KEY	OUTLOOK	WATCH
POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

* Ratings displayed in orange denotes EU or UK Unsolicited and Non-Participatory Ratings

Where there was a review with no rating action (Review – No Action), please refer to the "Latest Rating Action Commentary" for an explanation of key rating drivers

*Premium content is displayed in Fitch Red