Hamilton City Council

Full Rating Report

Ratings

Local Currency

Long-Term IDR	AA−
Short-Term IDR	F1+

Outlooks

Long-Term Local-Currency IDR	Stable

Financial Data

Hamilton City Council

	30 Jun 13	30 Jun 12
Operating revenue (NZDm)	180.0	174.2
Debt (NZDm)	438.9	398.9
Operating balance/operating revenue (%)	40.28	25.33
Debt service/current revenue (%)	26.2	27.68
Debt/current balance (yrs)	8.7	17.9
Operating balance/ interest paid (x)	3.08	1.85
Capital expenditure/total expenditure (%)	30.87	30.52
Surplus (deficit) before debt variation/total rev. (exc. new debt) (%)	1.65	-6.62
Current balance/capital expenditure (%)	72.7	28.24

Related Research

Institutional Framework for New Zealand Subnationals (April 2010)

Interpreting the Financial Ratios in International Public Finance Reports (July 2010)

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Key Rating Drivers

Strong Credit Profile: Hamilton City Council's (Hamilton) ratings reflect the strong institutional framework for local and regional councils in New Zealand, continuously improving budgetary performance, sound socio-economic profile, and sound debt and liquidity management. The ratings also reflect the council's self-imposed net debt limit of NZD440m across its long-term plan (LTP) to 2022.

Solid Institutional Framework: New Zealand's strong institutional framework is demonstrated in Hamilton's transparent reporting and financial disclosure, strong controls and supervision, a high level of own-source revenues (rates), and limited responsibilities (health and education are provided by the central government).

Improving Budgetary Performance: Hamilton had a Fitch Ratings-calculated deficit in the financial year ending June 2013 (FY13). The operating margin improved to 33.60% in FY13 from 24.23% in FY12. Fitch forecasts Hamilton's operating margin will average 37.83% across the forecast period to FY17, supported by average growth in operating revenue of 3.40%, and operating expenditure of 1.32%. There also likely to be a reduction in its capex in the forecast period, allowing the council to self-impose a net debt limit.

Sound Economic performance: Hamilton's economy is adequately diversified with agriculture the dominant industry sector by both GDP and employment. Agriculture has remained resilient since the recession ended in March 2009, benefiting from strong asset prices and demand. Nonetheless, the unemployment rate peaked at 8.6% in FY12, reflecting overall sluggish economic conditions. There was a significant reduction in unemployment − falling to 6.9% − at the end of FY13 (FYE13), following a general improvement across the New Zealand economy.

Adequate Debt and Liquidity: Hamilton's funding and liquidity profile improved with short-term debt maturing within 12 months decreasing to 9% at FYE13, down from its peak of 43% in FYE11 (FYE12: 21%). This reduction was brought on by Hamilton increasing its total debt funding in FY13 through the New Zealand Local Government Funding Agency Limited (LGFA, AA/Stable) to NZD195m, or 45% of outstanding debt. Hamilton has signalled its intention to increase this ratio to 80% over the medium term.

Ongoing Capex Requirements: An unanticipated rise in capex, coupled with pressure to remain below the council's self-imposed net debt limit of NZD440m, could result in a capex backlog. However, Fitch believes this a small risk given the council's extensive long-term planning. Furthermore, Hamilton's increased enhancements to its capital programme, notably significant reduction in yearly capex spend, tightening management of costs, and engaging external support to assist in asset management planning, would mitigate this risk.

Rating Sensitivities

Weak Budgetary Performance: Hamilton's ratings could come under pressure if budgetary performance, and/or liquidity position deteriorate significantly, adding pressure to the council's debt position.

Current Balance improvement: Positive rating action could occur if Hamilton's current balance continues to achieve results similar to yearly capex spend, while operating within its self-imposed debt ceiling.

Rating History

Date	Long-Term Foreign Currency	Long-Term Local Currency
14 Nov 12	n.a.	AA−
18 Nov 11	n.a.	AA−
15 Jun 11	n.a.	AA−
09 Jun 10	n.a.	AA−

Principal Rating Factors

Summary: Strengths and Weaknesses[a]

	Institutional framework	Debt and liquidity	Fiscal performance	Management and admin	Economy
Status	Strength	Neutral	Strength	Strength	Neutral
Trend	Stable	Stable	Stable	Stable	Positive

[a] Relative to its rating category
Source: Fitch

Overall Strengths

- Strong institutional framework
- Consistently improving budgetary performance
- Sound economic performance
- Adequate debt and liquidity management

Overall Weaknesses

- Debt limit potentially forcing council to cut capex too severely, creating a backlog

Institutional Framework

New Zealand's institutional framework for local and regional governments (LRGs) is extremely supportive and has a positive impact for their ratings.

The institutional framework strengths are the following.

- Substantial disclosure including a full accruals-based balance sheet, income statement, cash flow and four-year forecasts that set out revenue, expenditure and debt projections.
- Good control and supervision by the government. The Minister for Local Government can take over the running of a local authority in difficulty and can appoint ministerial reviews and commissioners. In addition, the accounts are required to be formally audited. The auditor reports to the Controller and Auditor General, who is responsible to the central government for the account and performance of local authorities and related public-sector entities.
- Considerable own source revenue from rates, which represent an average of more than 58% of total operating revenue for New Zealand local authorities. Rates, although less dynamic, are less susceptible to the economic cycle.
- Manageable level of responsibilities: resource-consuming mandates, such as healthcare and education, are provided by the central government.
- The local authority can charge any assets to secure borrowings, including property rates, via a debenture.

The institutional framework weaknesses are:

- Lack of fiscal equalisation system.
- Lack of prudential regulation

Debt and Liquidity

Debt

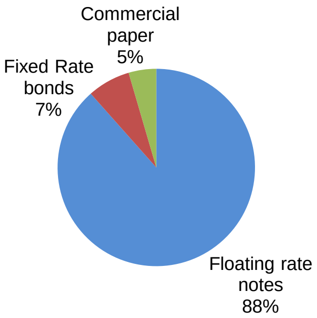
Hamilton's total direct debt (*Appendix A*) of NZD438.9m at FYE13, has grown relatively rapidly at 17.56% CAGR since FYE08. Hamilton's debt has increased to NZD438.9m in FY13, from NZD398.9m in FY12 to debt fund new capex. At FYE13 debt represented 242.5% of current revenue (FYE12: 225.5%) and reflected a payback ratio (direct debt/current balance) of 11.17 years (FYE12: 18.77). These ratios are weak compared with some of the council's international peers. However, Hamilton's self-imposed debt ceiling in tandem with its improving current balance holds it in good stead. Fitch expects the ratios to improve over the forecast period with

Related Criteria

Tax Supported Rating Criteria (August 2012)

International Local and Regional Governments Rating Criteria - Outside the United States (April 2013)

Figure 1
Interest Rate Risk



Source: Hamilton City Council - Pre Hedging (%)

debt hitting its peak in FY13, and the current balance expected to improve to NZD54.8m by FYE17 from NZD39.3m at FYE13, as a result of small gains in the operating balance.

At FYE13 Hamilton's debt consisted of fixed-rate bonds (7%), floating rate bonds (88%) and commercial paper (5%). Hamilton also has a NZD60m undrawn bank facility. However, after council hedging, its interest-rate-risk exposure is reduced to 25% floating. The council's investment and liability management policy stipulates it is limited a minimum of 50% and a maximum of 95% debt fixed. An increase of 25 basis points to the official cash rate in New Zealand would increase the council's cost of funds on the floating rate portion of debt by about NZD275,000. Debt is secured through the debenture trust deed over all rates, with the exception of some small loans secured by property.

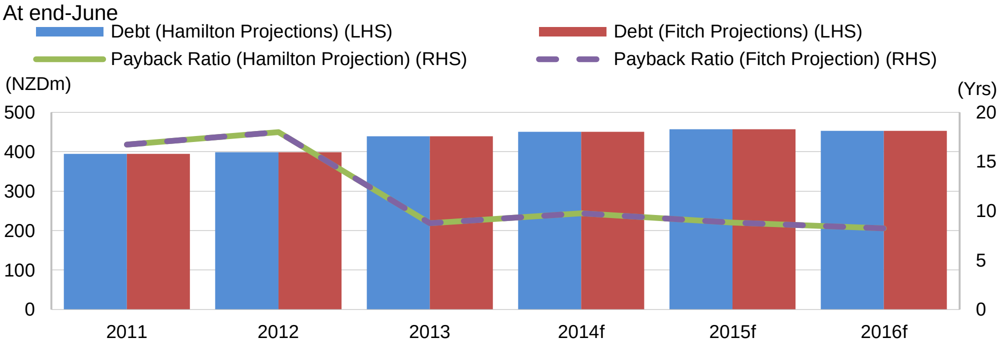
Hamilton's counterparties are international and domestic banks with 72% having a rating of AA− or above. Hamilton has no exposure to foreign currency and, therefore, has no outstanding foreign-exchange risk.

The council's main investors are the New Zealand banks. However, Fitch expects Hamilton's investor profile to diversify as the council is a shareholding founder of the LGFA. It benefits from reduced funding costs by participating in the LGFA. By FYE13 the council had raised NZD195m through LGFA, accounting for 45% of total debt outstanding. Its medium-term plan is to raise around 80% of its debt through this vehicle.

Hamilton had NZD677,000 of current and non-current lease liabilities for plant and equipment at FYE13 (FYE12: NZD1.2m). The interest expense associated with the leases is included in interest expense. Fitch has classified the leases as "Other Fitch classified debt" in *Appendix A*. These liabilities are considered in the council's direct-risk position.

The council has considered a number of options to reduce its debt balance. These include: increased debt repayments through asset sales; increased user charges; and reduction of services. Asset sales outlined in pre-2013 local government election report include Hamilton Holiday Park, Sonning car park, shares in two hotels, and several lots of development land. The council, by selling off assets, is not only reducing its debt burden, but also annual maintenance expenses on these assets. This should support the operating margin.

Figure 2
Budgetary Performance Projects
At end-June



Source: Hamilton LTCCP June 2012-June 2022, Hamilton FY13 annual report, Fitch Analysis

Liquidity

Hamilton's liquidity management has improved as the council holds more on-balance-sheet liquidity, making it less reliant on market conditions. Cash holdings increased to NZD56.8m in FY13 (FYE12: NZD26.2m) which covers 149% of debt maturing within 12 months. However, the increase was mainly due to Hamilton funding NZD40m of capex through debt. The forecasted average yearly cash balance is NZD32m, which covers 82% of debt maturing in the next 12 months. These cash holdings are generally placed in term deposits of up to 90 days maturity among domestic banks with minimum ratings of AA−.

Hamilton's objective is for its liquidity ratio to exceed 110%. It defines its liquidity ratio as term debt and committed borrowing facilities not less than 110% of the existing net debt. Hamilton's maximum net debt of NZD440m plus NZD60m undrawn bank facilities provides it with 113.8%.

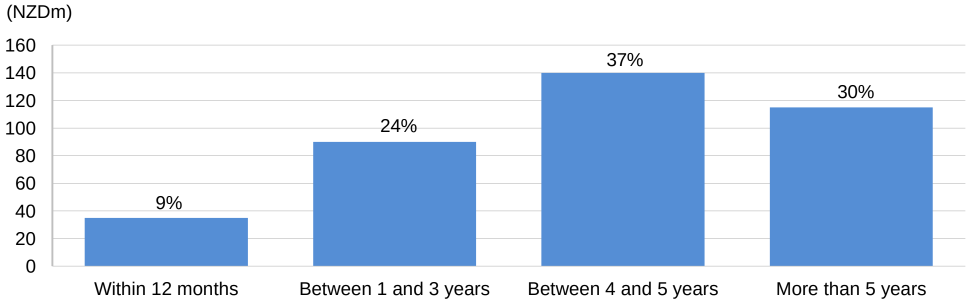
The council's debt maturing within 12 months decreased to 9% in FYE13, down from its peak of 43% in FYE11 (FYE12: 21%). Fitch expects to see a similar debt maturity profile across the forecast period given the council will continue to increase issuance through LGFA (up to 80% of debt), which is providing a balanced mix of medium and long-term debt. Hamilton has two large maturities − NZD65m during FY15 and NZD95m during FY18. Fitch sees minimal refinancing risk given the timeframes, undrawn bank facilities, and participation in LGFA.

Hamilton maintained its maturity profile greater than five years at 27% in FY13 as a result of long-term funding. The council also uses internal borrowing to offset its working-capital and debt-funding requirements.

Figure 3

Hamilton: Maturity Profile of Outstanding Debt

At end-June 2013



Source: Hamilton City Council

Contingent Liabilities

Hamilton is one of 30 local authority shareholders and eight local authority guarantors of LGFA. It had uncalled share capital of NZD1.866m at FYE13. NZD20m is available in the event that an imminent default is identified when aggregated with the uncalled capital of other shareholders. The council is a guarantor of all of LGFA's borrowings (along with the other shareholders and guarantors), which was NZD2.475bn at FYE13. A reliable fair value amount is not recognised given Fitch and council's view that an LGFA default on repayments is unlikely.

Hamilton held equity stakes in two companies at FYE13. These investments were undertaken to support the city's infrastructure. The council received NZD207,000 in dividend payments from Hamilton Riverview Hotel Ltd. in FY13 as it generated a small profit that year. Another investment, Waikato Regional Airport Ltd., generated a small loss and did not pay a dividend.

Hamilton also has minority stakes in various companies, which it owns with other New Zealand councils. The investments are small, but some require funding, which is at an acceptable level. Potential loss absorption is small.

The council has board representatives on all companies in which it holds a majority stake. Should the council decide to exit these investments, the cash through sales must be used to reduce outstanding debt. At FYE13, there were no outstanding loans from council to these companies.

In October 2013 Hamilton sold its stake in the Hamilton Riverview Hotel Ltd for NZD12m, with the proceeds to be used to repay debt during FY14.

Fiscal Performance

Hamilton's budgetary performance improved during FY13 with its operating margin increasing to 33.60% from 24.23% in FY12. The increase was driven by a 2.79% increase in operating revenue and a reduction in "other expenses" of NZD13m over the same period. The reductions were several operational efficiencies (cuts to services) across various expense segments. Fitch expects the operating margin will remain stable across the forecast, averaging 37.83%. These sound margins reflect New Zealand councils' lack of responsibility for labour intensive services such as education and health. As a result, operating margins compares well to its international and domestic peers, and it provides Hamilton with healthy financial flexibility.

The council receives the majority of its operating income (64%) from rates – which it can and is expected to adjust annually by 3.8% (including inflation), as outlined in Hamilton's LTP. This growth rate is adjusted every three years when a new LTP is published. Rates income is also expected to benefit from population growth, with about 5,000 new homes (10% growth in region) expected to be built in the region over the 10-year LTP.

Other revenues are generated from fees and charges and some central government grants. Hamilton's grant income has been a small proportion of the council's overall income. The council forecasts its operating revenue will grow by 3.4% a year on average.

Hamilton's cost management has improved. The council has been focussing on operational efficiencies to reduce costs, growing expenses on average 1.32% over the forecast period. The council will need to remain focussed on cost control to ensure operating expenses don't grow more rapidly than operating revenue. Personnel costs are the council's single biggest expense, accounting for 44.7% of total operating expenditure in FY13. The council will need to actively focus on personnel costs to achieve operating expenditure targets across the forecast period. Hamilton has stated it would reconsider the size of its capex programme if there is significant growth in operating expenditure.

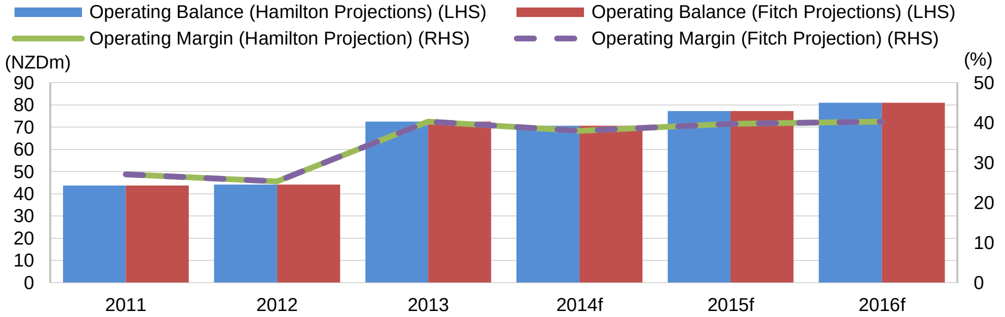
The risk of continually reducing capex spend to avoid debt rising above the self-imposed limit is potentially under-spending on capex and creating a backlog, which will eventually need to be funded.

The council's financial revenues are small, consisting of interest payments and dividends from its investment portfolio. The council expects direct debt to remain stable over the forecast, keeping interest expense growth relatively flat, even if official cash rate increases occur in New Zealand. Hamilton's interest costs are likely to benefit from them financing through LGFA. The council recorded a small deficit of NZD10.8m return in FY13, reflecting the improving current balance and reduction in capex. Achieving a surplus will allow Hamilton to make debt reductions. It has forecast debt reductions of NZD3.5m in FY16 and NZD6.4m in FY17, providing the council with more financial flexibility.

Figure 4

Budgetary Performance Projects

At end-June



Source: Hamilton LTCCP June 2012-June 2022, Hamilton FY13 annual report, Fitch Analysis

Capital Expenditure

Hamilton's LTP indicates its commitment to reducing capex and returning the budget to surplus. Hamilton generated significant deficits from FY08 to FY11 before council made the decision to limit net debt. The introduction of a debt limit forced Hamilton to re-prioritise and/or postpone some projects. The council's LTP outlines that capex to upgrade or build new assets is funded through debt, while capex to replace assets is funded from its current balance (i.e. rates). The timing of the council's loan repayments has been set so they can achieve maximum net debt levels.

In FY13 Hamilton's capex of NZD69.2m exceeded capital revenue of NZD19.1m and absorbed the council's current balance of NZD39.9m. Just under 60% of the new capex was to meet new demand or improve the level of services. Therefore, the council funded this capex through a NZD40m debt increase, in line with its LTP. However, the council's cash increased by NZD30.6m as a result.

Hamilton's capex averaged NZD84.6m annually from FY08 to FY11, with a reduction to NZD69m in FY13. Fitch expects it to average NZD57.1m across the forecast. The council's current balance covered 56.77% of capex in FY13, up from 27.05% in FY12. The remaining funding was made up of capital revenue (capital subsidies from the sovereign) and additional debt. The council effectively reached its debt peak in FY13; as a result, future net debt movements are likely to be minimal.

Hamilton will need to concentrate on capex costs and continually re-evaluate individual project costs outlined in the LTP to ensure there are no blowouts. Fitch views the council's self-imposed debt ceiling positively, but the limit does not leave much room for error with budgeted capex costs. Certain community upgrades would need to be funded should the council experience faster population growth or unexpected infrastructure events. This would put pressure on the debt ceiling and continuing surpluses. Furthermore, Fitch sees risks from the council not undertaking the required capex in order to remain below the debt limit. The result of doing so would create a backlog, which will eventually need to be funded.

Management and Administration

Hamilton is located on the North Island of New Zealand, about 130km south of Auckland. Auckland is the largest urban area in the country with around 1.5 million inhabitants (30% of New Zealand's total population). Hamilton is New Zealand's fourth-largest city council with a population of 150,200 (3.3% of the total population). As a council, Hamilton operates under a strict institutional framework (see *Institutional Framework for New Zealand Subnationals*, dated 20 April 2010).

Elected officials include a mayor and 12 city councillors from two wards, all of whom are independent members (i.e. without any party affiliation). Local government elections were held in October 2013. The mayor Julie Hardaker was re-elected, with only one sitting councillor running in the election not being returned to council. Fitch would have expected minimal short-term impacts on Hamilton should there have been significant political change because of the extensive process councils in New Zealand undertake to create and have their LTPs approved by the national government.

Hamilton, like all councils in New Zealand, adopts a 10-year LTP. It also publishes an annual plan that outlines the budget for the coming financial year. Its annual report published budget-to-actual variances, which has historically tracked well.

Economy

Hamilton's population grew by 1.6% in FY13, split evenly between a natural increase and immigration, and in line with national average. Hamilton's unemployment rate decreased to

6.9% in June 2013 from 8.3% in June 2012. The unemployment rate is slightly above the national figure of 6.2%, indicating a growing population and jobseekers remaining in the region.

Hamilton's property base (capital value) per capita is below the median for New Zealand local governments. This can be partly explained by the concentration of more expensive properties in Auckland and Wellington, which together contain around half of New Zealand's population. Property values are the basis for calculating rates paid to the council. They are revalued every three years – the next valuation due in FY14. Despite property price reductions during 2008-2009, house prices increased by almost 10% to an average of NZD335,000 following a 14.8% increase in building approvals and property transactions throughout FY13.

Hamilton's annual GDP increased by 1.3% to NZD5.64bn in FY13 (FYE12: NZD5.57bn). Its GDP accounted for 4% of New Zealand's total GDP. The city's economy is adequately diversified with agriculture − particular dairy farming − the dominant industry sector by both GDP and employment. The largest GDP contributor is the business services sector (35%), followed by other (21%), health (15%), manufacturing (10%), education (8%) and retail (6%). One-fifth of New Zealand's exports were produced in Hamilton and surrounding regions as at December 2012.

A significant negative economic impact to New Zealand would see Hamilton's revenue streams impacted in the short term. In particular, development contributions would be likely to slow, reflecting the lack of private investment. However, growth in the region would also slow, reducing operating costs and enabling capex to be delayed. Hamilton's LTP has focussed on conservative estimates of development contributions, increasing fees for services, operational efficiencies, reduced services to community and a scaled back capex programme. Additionally, Hamilton has not included any proceeds from asset sales in the LTP. However, any asset sale proceeds would be used to repay debt.

Appendix A

Figure 5
Hamilton City Council

	2009	2010	2011	2012	2013
Taxes	93.5	99.0	104.8	114.0	115.0
Transfers received	0.0	0.0	0.0	0.0	0.0
Fees, fines and other operating revenue	53.5	54.8	61.1	64.3	68.3
Operating revenue	147.0	153.8	165.9	178.3	183.3
Operating expenditure	-116.1	-119.0	-126.1	-135.1	-121.7
Operating balance	30.9	34.8	39.8	43.2	61.6
Financial revenue	0.5	0.2	3.0	1.9	1.3
Interest paid	-15.8	-17.8	-23.2	-23.9	-23.5
Current balance	15.6	17.3	19.7	21.3	39.3
Capital revenue	20.8	25.3	26.4	37.9	19.1
Capital expenditure	-83.5	-109.1	-111.2	-78.6	-69.2
Capital balance	**-62.7**	**-83.7**	**-84.9**	**-40.7**	**-50.1**
Surplus (deficit) before debt variation	-47.1	-66.5	-65.2	-19.5	-10.8
New borrowing	51.8	84.5	99.9	31.3	63.9
Debt repayment	-8.6	-12.3	-18.1	-24.9	-24.0
Net debt movement	**43.2**	**72.2**	**81.7**	**6.4**	**40.0**
Overall results	-4.0	5.8	16.6	-13.1	29.2
Debt					
Short-term	100.9	83.3	169.3	85.3	110.7
Long-term	138.1	229.2	224.8	313.6	328.2
Direct debt	238.9	312.5	394.1	398.9	438.9
+ Other Fitch classified debt - pre-financing	7.5	7.7	8.8	7.5	8.6
Direct risk	246.5	320.2	402.9	406.4	447.5
- Cash, liquid deposits, sinking fund	0.5	8.9	32.0	26.2	56.8
Net direct risk	246.0	311.3	370.9	380.1	390.7
Guarantees and other contingent liabilities	5.1	5.0	5.3	5.4	5.2
Net indirect debt (public sector entities exc. gteed amount)	0.0	0.0	0.0	0.0	0.0
Net overall risk	251.1	316.3	376.2	385.5	395.9
Memo for direct debt (%)	0.00	0.00	0.00	0.00	0.00
In foreign currency	0.00	0.00	0.00	0.00	0.00
Issued debt	2.24	14.63	10.37	85.10	85.10
Fixed interest rate debt	93.5	99.0	104.8	114.0	115.0

Source: Issuer and Fitch calculations

Appendix B

Figure 6

Hamilton City Council

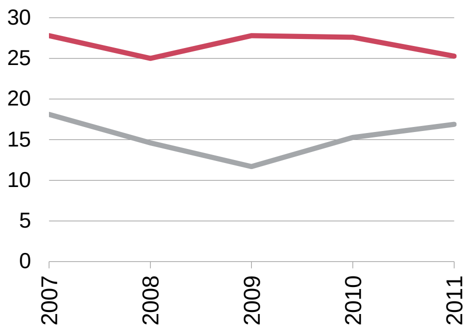
	2009	2010	2011	2012	2013
Fiscal performance ratios (%)					
Operating balance/operating revenue	21.02	22.63	24.02	24.23	33.60
Current balance/current revenue[a]	10.56	11.22	11.68	11.79	21.30
Surplus (deficit) before debt variation/total revenue[b]	-28.02	-37.04	-33.37	-8.92	-5.31
Overall results/total revenue	-2.36	3.21	8.48	-6.00	14.32
Operating revenue growth (annual change)	6.11	4.67	7.86	7.49	2.79
Operating expenditure growth (annual change)	16.00	2.53	5.92	7.18	-9.91
Current balance growth (annual change)	-38.84	10.98	14.12	7.75	84.93
Debt ratios					
Direct debt growth (annual % change)	22.20	30.80	26.09	1.22	10.02
Interest paid/operating revenue (%)	10.74	11.55	13.96	13.38	12.84
Operating balance/interest paid (x)	1.96	1.96	1.72	1.81	2.62
Direct debt servicing/current revenue (%)	16.55	19.52	24.43	27.06	25.73
Direct debt servicing/operating balance (%)	78.97	86.37	103.58	112.84	77.12
Direct debt/current revenue (%)	162.08	202.88	233.27	221.35	237.80
Direct risk/current revenue (%)	167.18	207.86	238.47	225.50	242.47
Direct debt/current balance (yrs)	15.34	18.08	19.98	18.77	11.17
Net overall risk/current revenue (%)	170.31	205.34	222.70	213.93	214.50
Direct risk/current balance (yrs)	15.82	18.52	20.42	19.12	11.39
Direct debt/GDP (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Direct debt per capita (local currency)	1,689	2,204	2,774	2,780	3,028
Revenue ratios					
Operating revenue/budget operating revenue (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Tax revenue/operating revenue (%)	63.61	64.39	63.19%	63.95%	62.74%
Modifiable tax revenue/total tax revenue (%)	100.00	100.00	100.00	100.00	100.00
Current transfers received/operating revenue (%)	0.00	0.00	0.00	0.00	0.00
Operating revenue/total revenue[b] (%)	87.37	85.75	84.95	81.77	89.99
Total revenue[b] per capita (local currency)	1,189	1,265	1,375	1,520	1,405
Expenditure ratios					
Operating expenditure/budget operating expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Staff expenditure/operating expenditure (%)	44.88	44.95	42.85	40.62	44.81
Current transfer made/operating expenditure (%)	0.00	0.00	0.00	0.00	0.00
Capital expenditure/budget capital expenditure (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Capital expenditure/total expenditure (%)	37.28	42.25	39.93	29.94	29.04
Capital expenditure/local GDP (%)	n.a.	n.a.	n.a.	n.a.	n.a.
Total expenditure per capita (local currency)	1,583	1,821	1,961	1,829	1,645
Capital expenditure financing (%)					
Current balance/capital expenditure	18.66	15.85	17.73	27.05	56.77
Capital revenue/capital expenditure	24.89	23.23	23.69	48.19	27.61
Net debt movement/capital expenditure	51.70	66.20	73.47	8.10	57.75

n.a.: Not available
[a] Includes financial revenue
[b] Excluding new borrowing
Source: Issuer and Fitch calculations

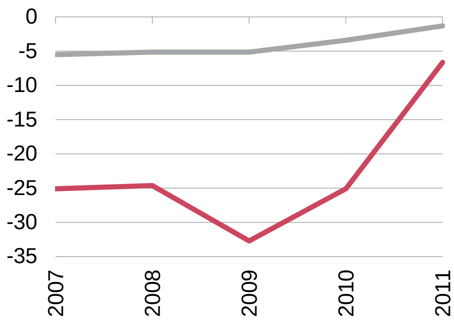
Appendix C
Hamilton City Council

Peer Comparison

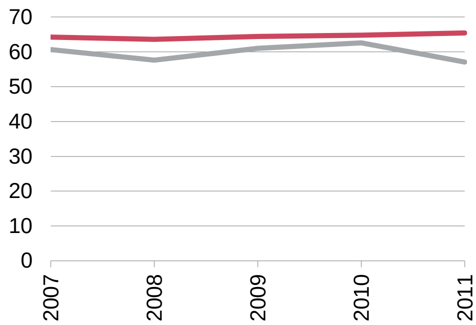
Operating Balance
% Operating Revenue



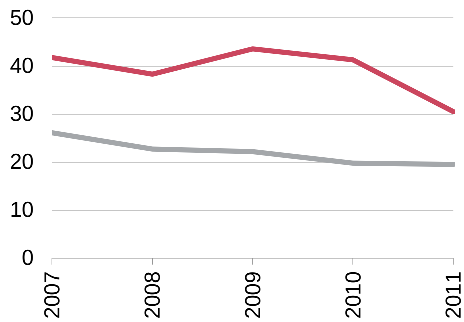
Surplus (Deficit)
% Total Revenue



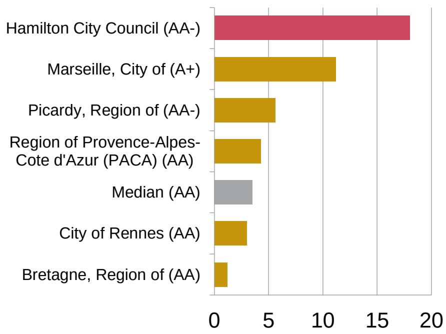
Taxes
% Operating Revenue



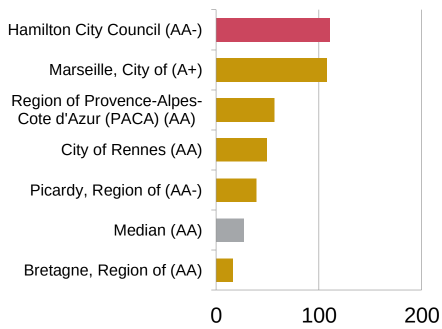
Capital Expenditure
% Total Expenditure



Debt
To Current balance (Years) 2011



Debt Servicing
To Operating Balance (%) 2011



Hamilton City Council   AA- Peer Group Median

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.