

Fitch Assigns 'AAAf' Rating to Florida FIT Choice Pool and FIT Choice Pool

20 JUL 2022 3:59 PM

Fitch Ratings - New York - [publication date will be automatically inserted]

Fitch Ratings has assigned a 'AAAf' Fund Credit Quality Rating (FCQR) to the Florida Fixed Income Trust (FIT) Choice Pool and the Texas Fixed Income Trust (FIT) Choice Pool. The Florida and Texas FIT Term Portfolios are fixed-rate, fixed-term portfolios with a maximum term of one year and consists of multiple series with staggered termination dates.

These term portfolios are part of the Florida Fixed Income Trust and Texas Fixed Income Trust program respectively, which are both overseen by the U.S. Fixed Income Trust. The Florida FIT program is supervised by the FL-FIT advisory board, comprised of six officials representing local governments that have joined Florida FIT. The Texas FIT program is supervised by the TX-FIT advisory board comprised of five officials representing local governments that have joined Texas FIT. Deep Blue Investment Advisors serves as the investment advisor and U.S. Bancorp Fund Services, LLC serves as the administrator for both pools.

The term portfolio is a variable net asset value (NAV) vehicle, although, the ratings assigned do not speak to the volatility of the NAV.

The pools have not received initial participant investments and Fitch used a representative proxy portfolio to complete the analysis for the assigned ratings as a result. At the time of the rating analysis a model portfolio was reviewed.

KEY RATING DRIVERS

The ratings reflect Fitch's review of the term portfolio's investment and credit guidelines, expected credit quality and diversification, as well as the capabilities of Deep Blue Investment Advisors to manage the assets of the term portfolios. The 'AAAf' FCQR indicates the highest underlying credit quality (or lowest vulnerability to default).

Asset Credit Quality

The main driver of the FCQR is the high credit quality of the series reviewed. The model portfolio's weighted average rating factor (WARF) was in line with Fitch's 'AAAf' rating criteria of 0.3 or less. WARF is a risk-weighted measure of a portfolio of assets that accounts for the portfolio's credit quality and maturity profile.

Series of the Florida Fixed Income Trust and Texas Fixed Income Trust Term Portfolios can invest exclusively in securities consistent with permitted investments, including Direct Obligations of the U.S. Government and its Agencies, State and Local Government Obligations, CDs issued by Banks insured by the FDIC, Bankers' Acceptances, stable value Money Market Funds, Repurchase Agreements, and Highly Rated Commercial Paper.

Each TERM Series invests exclusively in investments permitted for a local government investment pool by applicable Florida and Texas statutes respectively. The primary objectives of the term portfolios are to produce the highest earnings consistent with maintaining principal at maturity and meeting the redemption schedule.

Maturity Profile

The term portfolio is a fixed-rate, fixed-term portfolio with a maximum term of one year. The term portfolio is designed to meet the cash flow requirements of investors with the cash flows from the portfolio. The portfolio consists of multiple series with staggered termination dates.

The maturity profile of each term portfolio is managed to meet pre-set redemptions of the portfolio's participants. Upon investing in the program, a participant selects a planned maturity date on which the portfolio seeks to produce a share price of at least \$1.00 for the participant that redeems on said date. Participants may request premature redemption, but the portfolio may charge significant penalties for any redemption prior to the agreed-upon redemption date and NAV may be more or less than \$1.00 per share.

Participant Profile

The term portfolios are offered to any municipality, county, school district, or other authority created under applicable state law.

Surveillance

Fitch expects to receive monthly fund portfolio holdings information including credit quality, market value and duration of the individual securities to conduct surveillance against the Bond Fund Rating Criteria.

Fitch conducted stress tests as outlined in its rating criteria to test the sensitivity of the pool's ratings against potential changes in the portfolio's credit quality. After running the proxy portfolio through the stressed scenarios, there was no material deterioration in the underlying scores that support the pool's assigned FCQR. Fitch views the term portfolio's credit quality as consistent with the assigned rating levels.

INVESTMENT MANAGER

Investment Advisor

The portfolios are managed by Deep Blue Investment Advisors. Deep Blue Investment Advisors is registered with the SEC under its legal name, Wertz York Capital Management Group, LLC and specializes in creating investment strategies and managing funds for public sector. The firm is based in Tampa, Florida, and has more than 20 years of experience in managing public sector portfolios.

Fitch views the investment management capabilities, resource commitment, operational controls, compliance and oversight processes of the investment advisor as appropriate for the assigned ratings and investment strategy.

RATING SENSITIVITIES

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

--A positive rating action is not applicable as the assigned rating is the highest rating outcome under Fitch's Bond Fund Rating Criteria.

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

--The rating is sensitive to material changes in the credit quality profile of the fund. A material decrease in portfolio credit quality or increase in security maturities could result in the FCQR being lowered.

SOURCES OF INFORMATION

The sources of information used to assess this rating were the public domain and the investment manager.

RATING ACTIONS			
ENTITY	RATING		
Texas Fixed Income Trust (FIT) – Term Series	Fund Cr Qual Rtg	AAAf	New Rating
Florida Fixed Income Trust (FIT) – Term Series	Fund Cr Qual Rtg	AAAf	New Rating

[View Additional Rating Details](#)

FITCH RATINGS ANALYSTS

Kimberly Green

Senior Analyst

Primary Rating Analyst

+1 646 582 4042

kimberly.green@fitchratings.com

Fitch Ratings, Inc.

Hearst Tower 300 W. 57th Street

New York, NY 10019

Peter Gargiulo

Director

Secondary Rating Analyst

+1 212 612 7762

peter.gargiulo@fitchratings.com

Ralph Aurora

Senior Director

Committee Chairperson

+1 212 908 0528

ralph.aurora@fitchratings.com

Media relations

Anne Wilhelm

New York

+1 212 908 0530

anne.wilhelm@thefitchgroup.com

Sandro Scenga

New York

+1 212 908 0278

sandro.scenga@thefitchgroup.com

Additional information is available on www.fitchratings.com

Applicable Criteria

Bond Fund Rating Criteria (pub.22-Jul-2019)

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings> (<https://www.fitchratings.com/UNDERSTANDINGCREDITRATINGS>). In addition, the following <https://www.fitchratings.com/rating-definitions-document> (<https://www.fitchratings.com/RATING-DEFINITIONS-DOCUMENT>) details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

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. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory> (<https://www.fitchratings.com/SITE/REGULATORY>). Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings

and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided “as is” without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the “NRSRO”). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory> (<https://www.fitchratings.com/site/regulatory>)), other credit rating

subsidiaries are not listed on Form NRSRO (the “non-NRSROs”) and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2022 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

ENDORSEMENT POLICY

Fitch’s international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch’s approach to endorsement in the EU and the UK can be found on Fitch’s Regulatory Affairs (<https://www.fitchratings.com/regulatory>) page on Fitch’s website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.