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Hallandale Beach, FL 2024 Utility System Revenue Bonds Assigned 'A+' Rating

SANTA FE (S&P Global Ratings) Nov. 7, 2024--S&P Global Ratings assigned its 'A+' long-term rating to Hallandale Beach, Fla.'s approximately \$49.0 million series 2024 utility system revenue bonds. The outlook is stable.

"The rating reflects our view of the system's steadily growing customer base, currently affordable rates, steady revenue base and limited debt outstanding but growing debt burden as the utility begins to increase its leverage and moderate operational challenges," said S&P Global Ratings credit analyst Emily Powers.

The bonds are secured by a senior-lien pledge of net revenue of the utility system, which is made up of the water, sewer, and stormwater systems. The bonds are on parity with \$1.7 million of revenue notes payable, bringing total utility debt outstanding to roughly \$51.7 million, post-issuance. We view bond provisions, which include a 1.2x rate covenant and 1.2x additional bonds test, as credit neutral.

The 2024 bond proceeds will fund various system improvements, primarily water treatment upgrades and water main replacements and the rehabilitation of sewer infrastructure. Many projects included are focused on ensuring system compliance, particularly with PFAS regulations, and decreasing sanitary sewer overflows (SSOs) to safeguard efficient system operations.

"The stable outlook reflects our expectation that the utility system will be able to absorb current future debt issuance while sustaining a strong financial profile, including robust coverage and liquidity positions," added Ms. Powers. We also believe that, barring any substantial weather events, the city's location will continue to support its growing tax and customer bases.

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