

Research

Summary:

Missouri Development Finance Board Independence; Appropriations

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Summary:

Missouri Development Finance Board Independence; Appropriations

Credit Profile

Missouri Dev Fin Brd, Missouri

Independence, Missouri

Missouri Dev Fin Brd (Independence) infrastructure facs rfdg rev bnds (crackerneck creek proj) (Independence) ser 2015C due 03/01/2035

<i>Long Term Rating</i>	BBB+/Stable	Downgraded
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Missouri Dev Fin Brd (Independence) infrastructure fac rfdg rev bnds (Crackerneck Creek proj)

<i>Long Term Rating</i>	BBB+/Stable	Downgraded
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Missouri Dev Fin Brd (Independence) taxable infrastructure fac rfdg rev bnds (Crackerneck Creek Project)

<i>Long Term Rating</i>	BBB+/Stable	Downgraded
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Missouri Dev Fin Brd (Independence) APPROP

<i>Long Term Rating</i>	BBB+/Stable	Downgraded
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Rationale

S&P Global Ratings lowered its rating on Missouri Development Finance Board's series 2006B, 2013A and B, and 2015C infrastructure facilities revenue bonds (collectively the Crackerneck Creek bonds), issued for the city of Independence, to 'BBB+' from 'A-'. At the same time, we affirmed our 'A-' long-term ratings on the city's other appropriation debt. The stable outlook on the bonds is equivalent to the outlook on Independence's issuer credit rating (ICR) (A/Stable) and moves in tandem with the city's ICR outlook.

The downgrade was based on the application of our "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness" criteria, published Jan. 22, 2018, on RatingsDirect.

The Crackerneck Creek bonds are special obligations of the city, secured by annually appropriated legally available funds. We rate these obligations two notches lower than the city's general creditworthiness (as reflected in the ICR). We view the city's relationship to the project funded by the bonds as somewhat auxiliary to its basic functions and purpose. Our view of the intended payment source on the bonds, including sales tax, TIF revenue, payments in lieu of taxes, and rent payments from Bass Pro Shops (all generated in the project area), is somewhat weakened by the concentration of revenue coming from Bass Pro Shops; it is also somewhat weakened by the project area's revenue performance, which has been insufficient to meet debt service requirements. The city pledges to annually appropriate from its operating revenue, and has a long track record of appropriating for similar obligations. In our opinion, there is no unusual political, timing, or administrative risk related to the debt payments.

The city's other appropriation bonds (excluding the Crackerneck Creek bonds) are special obligations of the city, secured by annually appropriated legally available funds. We rate these obligations one notch lower than the city's general creditworthiness (as reflected in the ICR) to reflect the appropriation risk associated with the annual payment.

We view these bonds as having a moderate-to-strong relationship to the obligor. These obligations provide funding for projects we believe are either significantly important to the city or at least serve an ancillary function of the city. It city pledges to annually appropriate from its operating revenues, and has a long track record of appropriating for similar obligations. In our opinion, there is no unusual political, timing, or administrative risk related to the debt payment.

For more information on our ICR on Independence, please see our most recent report published June 14, 2017.

Ratings Detail (As Of May 22, 2018)

Missouri Dev Fin Brd, Missouri

Independence, Missouri

Missouri Dev Fin Brd infrastructure facilities rfdg rev bnds (Independence) (Hartman Heritage Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facilities rfdg rev bnds (Eastland Ctr Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev bnds (cap imp proj) (Independence)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev bnds (Centerpoint Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev bnds (Eastland Ctr Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev bnds (Events Ctr Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev bnds (Events Ctr Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rev bnds (Hartman Heritage Proj)

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rfdg rev bnds (Independence) (Centerpoint Proj) ser 2016B due 04/01/2028

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rfdg rev bnds (Independence) (Drumm Farm Proj) ser 2016C due 12/01/2022

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) infrastructure facs rfdg rev bnds (Independence) (Events Ctr Proj) ser 2016A due 04/01/2038

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) APPROP

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) APPROP

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) APPROP

Long Term Rating A-/Stable Affirmed

Missouri Dev Fin Brd (Independence) APPROP

Long Term Rating A-/Stable Affirmed

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