

Bond Case Briefs

Municipal Finance Law Since 1971

S&P: Chicago; General Obligation; Joint Criteria.

Standard & Poor's Ratings Services lowered its rating to 'A-' from 'A+' on the city of Chicago's outstanding general obligation (GO) bonds, and placed the ratings on CreditWatch with negative implications. In addition, Standard & Poor's affirmed its 'AAA/A-1+' rating on the city's existing variable rate demand bonds (VRDBs).

The lowered rating reflects our view that short-term pressures are challenging the city's ability to implement timely solutions to its structural budgetary problems. These short-term disruptions, such as the recent mayoral run-off and the current need to address potential liquidity pressure due to rating triggers, raise concerns from our perspective regarding management's ability to focus on the timely implementation of needed measures to successfully address its long-term structural challenges. We believe the rating is currently constrained by the risk regarding management's plans to address its high fixed costs in light of this need to address short-term pressures.

[Continue reading.](#)

14-May-2015