
KBRA Assigns AAA/Stable to the Sales Tax Securitization Corporation's Sales Tax Securitization Bonds Series 2017 A&B

Kroll Bond Rating Agency (KBRA) has assigned a AAA long-term rating to the Sales Tax Securitization Corporation's Sales Tax Securitization Bonds Series 2017 A and Taxable Series 2017B.

KBRA believes the Bonds have strong legal and structural protections that insulate its pledged Sales Tax Revenues from day-to-day operating and financial risk of the City. After review of the Public Act 100-0023, the transaction documents and legal opinions, KBRA believes these protections apply even in the unlikely event of an insolvency or bankruptcy of the City.

After reaching the opinion that the Corporation has effectively and irrevocably acquired the pledged revenues through a true sale, and that the pledged revenues are insulated from ongoing operating and financial risk of the City, KBRA then examined and developed stress scenarios of the cash flow derived from the pledged revenues.

In all of the considered stress cases, the pledged revenues substantially covered annual debt service requirements. KBRA stated that even under severe economic downturns and other stressful scenarios, the pledged Sales Tax Revenues will remain more than sufficient to meet timely principal and interest requirements on the Bonds.

A full report will be published shortly.

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