

Bond Case Briefs

Municipal Finance Law Since 1971

Kansas Development Finance Authority: Fitch New Issue Report

Key Rating Drivers Programs Surpass Fitch Ratings' 'AAA' Rating Threshold: Fitch's cash flow modeling demonstrates that the CWSRF and DWSRF programs (collectively, the program) can continue to pay bond debt service, even with hypothetical loan defaults in excess of Fitch's 'AAA' liability rating stress hurdle, as produced using Fitch's Portfolio Stress Model (PSM). Above Average Pool Diversity: The aggregate CWSRF and DWSRF pool consists of 338 obligors, with the top 10 participants representing approximately 48% of the total portfolio (versus Fitch's 'AAA' median of 57%). Single-borrower concentration is also relatively low. Thus, overall, the pool is more diverse and less concentrated than comparable municipal finance pool programs rated by Fitch. Sound Pool Credit Quality: Approximately 72% of the aggregate programs' portfolio consists of obligors exhibiting investment grade (IG) credit quality, in line with the 'AAA' median (73%) of other municipal programs. Obligor security is very strong as all are secured by either a combination of general fund and utility revenue pledges or utility system revenue pledges. Effective Management: KDFA's loan underwriting and administration have proven effective as its revolving funds have never experienced a loan payment default.

ACCESS REPORT

13 Jan, 2023