

BANKING/ FINANCE

Ford Cut to Junk as Moody's Doubts Hackett's Turnaround Bid



SHUTTERSTOCK

Moody's downgraded Ford to the highest junk rating, Ba1, saying the automaker's cash flow and profit margins are below expectations and likely to remain weak over the next two years.

by Molly Smith and Keith Naughton

Ford Motor Co. was dealt a blow by Moody's Investors Service, which cut the carmaker's credit rating to junk on doubts that a turnaround plan by Chief Executive Officer Jim Hackett will generate earnings and cash quickly enough.

Moody's downgraded Ford to the highest junk rating, Ba1, saying the automaker's cash flow and profit margins are below expectations and likely to remain weak over the next two years. The descent to junk status affects one of the largest corporate bond issuers in the U.S. outside the financial sector.

Investors have traded Ford's debt for roughly the past year at levels that implied the company was headed for junk. Hackett has struggled to win over Wall Street with an overhaul that includes cutting thousands of jobs, reviving an aging line of SUVs and ditching slow-selling sedans.

"It's a pretty precarious situation that they're in," Charlie Chesbrough, senior economist of Cox Automotive, said by phone. "When a company gets a junk status rating, it will mean they have to pay a higher interest rate and it means a lot of institutional investors will have to think twice."

Ford's most actively traded bonds, Ford Motor Credit Co.'s 5.113% bonds due 2029, weakened relative to Treasuries Monday afternoon after Moody's issued its release. The extra yield, or spread, the notes pay widened 0.3 percentage point to 3.45 percentage points, according to Trace.

"Ford remains very confident in our plan and progress," the carmaker said in an emailed statement. "Our underlying business is strong, our balance sheet is solid and we have plenty of liquidity to invest in our compelling strategy for the future."

Ford of Europe President Stuart Rowley said in an interview at the Frankfurt auto show Tuesday that, while "obviously we're disappointed" with the downgrade, the company doesn't expect it to hurt business in the near term and that financially it's "very well positioned" to proceed with reorganizing its operations in the region.

It's not the first time that Ford carried a high-yield rating: The company and its peer General Motors were downgraded to junk by S&P Global Ratings in 2005.

Moody's and Fitch Ratings followed suit later that year. But unlike GM and Chrysler, Ford managed to avoid bankruptcy and government bailouts during the financial crisis.

Still, losing investment-grade status forced Ford to finance itself by essentially putting everything in hock, from its inventory to the rights to its blue oval logo. Chairman Bill Ford described the predicament as "enormously emotional," saying the founding family was "pledging our heritage."

When the company reclaimed its investment-grade ratings in 2012, Bill Ford said it was "one of the best days I can remember."

S&P Global Ratings and Fitch Ratings have a BBB rating on Ford, which is two steps above junk. Both have a negative outlook. As long as the company has at least two ratings above junk, it's eligible to stay in the biggest investment-grade bond indexes, which means many bond investors won't be forced to sell all their holdings.

In July, Ford issued an annual profit forecast that disappointed investors as the automaker struggles to compete in China's slumping car market. New versions of Ford's Explorer and Escape SUVs debut this year, and it's bringing back the Bronco off-roader in 2020.

The downgrade comes just three months after Hackett installed a new chief financial officer, Tim Stone. The former finance executive for Amazon.com Inc. and Snap Inc. is the first CFO the automaker has hired from outside the company since the 1940s.

Ford hasn't issued unsecured bonds from the parent company level since December 2016, but its finance unit, Ford Motor Credit, is a routine borrower in the investment-grade market, having just sold \$2 billion of bonds last month. The two issuers have a combined \$35 billion of debt listed in the Bloomberg Barclays U.S. Corporate Bond Index. Ford has a total of \$157.2 billion of debt outstanding, which includes operating lease liabilities.

The cost of insuring Ford's bonds against default jumped in the derivatives market. Guaranteeing Ford Motor debt now costs 1.9% a year, up 0.22 percentage point from Friday's levels, according to data compiled by Bloomberg. That's the biggest one-day jump since March.

Molly Smith and Keith Naughton report for Bloomberg News.



CITY OF DORAL NOTICE OF PUBLIC HEARING

All residents, property owners and other interested parties are hereby notified of a **Council Zoning Hearing** meeting on **Wednesday, September 25, 2019, beginning at 6:00 PM**, to consider the following amendment to the Future Land Use Map of the City of Doral Comprehensive Plan. The City Council will consider this item for **SECOND READING**. This meeting will be held at the **City of Doral, Government Center, Council Chambers located at 8401 NW 53rd Terrace, Doral, Florida, 33166**.

The City of Doral proposes to adopt the following Ordinance:

ORDINANCE No. 2019-26

AN ORDINANCE OF THE MAYOR AND THE CITY COUNCIL OF THE CITY OF DORAL, FLORIDA, REQUESTING AN AMENDMENT TO THE FUTURE LAND USE MAP OF THE CITY OF DORAL COMPREHENSIVE PLAN PURSUANT TO SMALL SCALE COMPREHENSIVE PLAN AMENDMENT PROCEDURES IN SEC. 163.3187 OF THE FLORIDA STATUTES, FROM OFFICE AND RESIDENTIAL (OR) TO DOWNTOWN MIXED USE (DMU) FOR A ±1.95 ACRE PARCEL LOCATED AT 8484 NW 36 STREET, DORAL, FLORIDA; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTS; AND PROVIDING FOR AN EFFECTIVE DATE

HEARING NO.: 19-09-DOR-04

APPLICANT: Doral Court Plaza, LLC

PROJECT NAME: Doral Court Plaza

PROJECT OWNERS: Doral Court Plaza, LLC

LOCATION: 8484 NW 36th Street

FOLIO NUMBER: 35-3027-001-0241

SIZE OF PROPERTY: ± 1.95 Acres

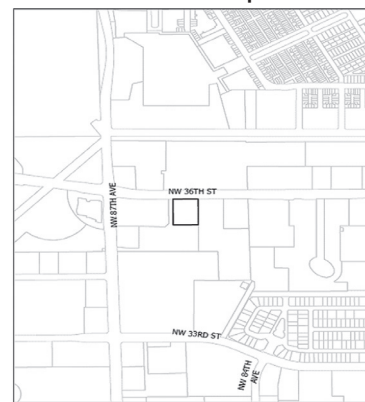
PRESENT FUTURE LAND USE MAP CATEGORY: Office and Residential (OR)

PRESENT ZONING: Industrial Commercial (IC)

REQUEST: Doral Court Plaza, LLC (the "Applicant") is requesting an amendment to the Future Land Use Map of the City of Doral Comprehensive Plan from Office and Residential (OR) to Downtown Mixed use (DMU).

LEGAL DESCRIPTION: Parcel "B": A portion of the West 847.72 feet of Tracts 29 and 30, of Florida Fruit Land company's subdivision no. 1, in Section 27, Township 53 South, Range 40 East, as recorded in Plat Book 2, Page 17, of the Public Records of Miami-Dade County, Florida, being more particularly described as follows: Commence at the Northwest corner of said Tract 30; thence North 89°58'53" East along the North line of said Tract 30 for a distance of 609.88 feet; thence South 00°21'28" East for a distance of 55.00 feet to a point lying on the South right of way line of N.W. 36th Street and the Point of Beginning of the herein described parcel of land; thence North 89°58'15" East along said right of way for a distance of 239.71 feet; thence South 01°50'30" East for a distance of 297.24 feet; thence South 89°58'15" West for a distance of 247.41 feet; thence North 00°21'28" West for a distance of 297.14 feet to the Point of Beginning. Containing 72,365 square feet or 1.661 acres more or less, together with caster parcel: a portion of the west 847.72 feet of tracts 29 and 30, Florida Fruit Lands company's subdivision no. 1, in section 27, township 53 South, Range 40 East, according to the plat thereof, as recorded in Plat Book 2, at Page 17, of the Public Records of Miami-Dade County, Florida, being more particularly described as follows: Commence at the Northwest corner of said Tract 30; then North 89°58'53" East along the North line of said Tract 30 for a distance of 609.88 feet; thence South 00°21'28" East for a distance of 55.00 feet to a point lying on the South right of way line of N.W. 36th Street (Doral Boulevard) and the Point of Beginning of the herein described parcel of land; thence continue South 00°21'28" East along the West line of the lands described in Partial Release of Unities of Title recorded in Official Records Book 22183, Page 4630, of the Public Records of Miami-Dade County, Florida, for a distance of 297.14 feet; thence South 89°58'15" West, along the Westerly prolongation of the South line of the lands described in said Partial Release of Unities of Title, for a distance of 42.00 feet; thence North 00°21'28" West for a distance of 297.15 feet; thence North 89°58'53" East, along the South right of way line of N.W. 36th Street (Doral Boulevard), for a distance of 42.00 feet to the Point of Beginning. Containing 12,480 square feet or 0.29 acres more or less, easement estate: Together with a nonexclusive easement for access, parking and utilities more particularly described in the Easement Agreement dated March 29, 2004 by and between ACP/Doral Court, LLC, a Delaware limited liability company and Doral Court Plaza, LLC, a Florida limited liability company recorded April 1, 2004, in Official Records Book 22171, Page 4144, as amended by Relocation of Parking Easement Area Pursuant to Easement Agreement recorded October 20, 2016 in Official Records Book 30276, Page 1981 of the public records of Miami-Dade County, Florida.

Location Map



Information relating the subject application is on file and may be examined in the City of Doral, Planning and Zoning Department Located at **8401 NW 53rd Terrace, Doral, FL. 33166**. All persons are invited to appear at this meeting or be represented by an agent, or to express their views in writing addressed to the City Clerk, **8401 NW 53rd Terrace, Doral, FL. 33166**. Maps and other data pertaining to these applications are available for public inspection during normal business hours in City Hall. Any persons wishing to speak at a public hearing should register with the City Clerk prior to that item being heard. Inquiries regarding the item may be directed to the Planning and Zoning Department at 305-59-DORAL.

Pursuant to Section 286.0105, Florida Statutes If a person decides to appeal any decisions made by the City Council with respect to any matter considered at such meeting or hearing, they will need a record of the proceedings and, for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law. In accordance with the Americans with Disabilities Act, all persons who are disabled and who need special accommodations to participate in this meeting because of that disability should contact the Planning and Zoning Department at 305-59-DORAL no later than three (3) business days prior to the proceeding.

NOTE: If you are not able to communicate, or are not comfortable expressing yourself, in the English language, it is your responsibility to bring with you an English-speaking interpreter when conducting business at the City of Doral during the zoning application process up to, and including, appearance at a hearing. This person may be a friend, relative or someone else. A minor cannot serve as a valid interpreter. The City of Doral DOES NOT provide interpretation services during the zoning application process or during any quasi-judicial proceeding.

NOTA: Si usted no está en capacidad de comunicarse, o no se siente cómodo al expresarse en inglés, es de su responsabilidad traer un intérprete del idioma inglés cuando trate asuntos públicos o de negocios con la Ciudad de Doral durante el proceso de solicitudes de zonificación, incluyendo su comparecencia a una audiencia. Esta persona puede ser un amigo, familiar o alguien que le haga la traducción durante su comparecencia a la audiencia. Un menor de edad no puede ser intérprete. La Ciudad de Doral NO suministra servicio de traducción durante ningún procedimiento durante el proceso de solicitudes de zonificación.

Connie Diaz, MMC

City Clerk

City of Doral

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