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Fitch Takes Various Actions on Houston CUS First Lien Rev Refunding Bonds Ser 2018C.

Fitch Ratings - New York - 24 Jul 2025: Fitch Ratings has revised the basis of the long-term rating assigned to the City of Houston Combined Utility System First Lien Revenue Refunding Bond Series 2018C to 'AA' from 'AAA'. Fitch has also upgraded the Short-Term rating to 'F1+' from 'F1'. The rating actions are in connection with the issuance of a standby bond purchase agreement (SBPA) by Bank of America, N.A. (BofA; AA/F1+/Stable) in substitution of the current Barclays Bank, PLC letter of credit and mandatory tender of the bonds on July 24, 2025.

KEY RATING DRIVERS

The Long-Term rating will be based solely on the Long-Term rating assigned to the City of Houston's Combined Utility System First Lien Revenue Refunding Bonds, Series 2018C. The 'F1+' Short-Term rating will be based on the liquidity support provided by BofA, in the form of a SBPA, which has a stated expiration date of July 23, 2029, unless extended or earlier terminated. The liquidity support is effective during the weekly interest rate mode only. The Rating Outlook for the Long-Term rating is Stable. For more information on the Long-Term rating, please see the report dated April 12, 2024, available at www.fitchratings.com.

The SBPA provides the payment of the principal component of purchase price, including an amount equal to 35 days of interest calculated at a 15 % maximum rate of. This is based on a 365-day year for tendered bonds during the weekly rate mode if the proceeds of a remarketing of the bonds are insufficient to pay the purchase price following an optional or mandatory tender. The SBPA expires on July 23, 2029, the stated expiration date, unless such date is extended, or upon conversion from the weekly rate mode.

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