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Fitch to Downgrade S-T Rating to 'F1' on Austin, TX Combined Utilities System Taxable CP Notes.

Fitch Ratings-New York-25 September 2020: On the effective date of Oct. 1, 2020, Fitch Ratings will downgrade the short-term rating assigned to the City of Austin, Texas combined utility system \$100,000,000 taxable CP notes, to 'F1' from 'F1+'. The rating action is in connection with the substitution of the current Revolving Credit Agreement (RCA) provided by JPMorgan Chase Bank, N.A. (AA/F1+/Negative) with a substitute RCA to be provided by Barclays Bank PLC (Barclays, A+/F1/Rating Watch Negative). Concurrently with the substitution, the authorized amount of taxable CP notes will be increased to \$100,000,000 from \$75,000,000.

KEY RATING DRIVERS

On the effective date, the short-term rating on the CP notes will be downgraded to 'F1' based on the liquidity support to be provided by Barclays in the form of an RCA, which has a stated expiration date of Sept. 30, 2022, unless extended or earlier terminated. The substitute RCA provides coverage for the principal amount of the notes plus 270 days of interest calculated at 10% based on a 365 day year.

U.S. Bank, National Association continues as the Issuing and Paying Agent (IPA) for the notes, and as IPA, is directed to request an advance under the substitute RCA whenever proceeds of the sale of rollover notes are insufficient to pay maturing notes.

All notes will be issued at par. Following the occurrence of an event of default under the substitute RCA, the bank may direct the IPA to immediately stop the issuance of any additional notes. In such event, the substitute RCA will expire after all the notes supported by such RCA mature and have been paid from funds drawn on the substitute RCA. In addition, the substitute RCA may be terminated by the bank upon the occurrence of specified immediate termination events.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-The short-term 'F1' rating assigned to the notes will be adjusted upward in conjunction with the short-term rating of the bank providing the RCA and, in some cases, the long-term rating of issuer.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-The short-term 'F1' rating assigned to the notes will be adjusted downward in conjunction with the short-term rating of the bank providing the RCA and, in some cases, the long-term rating of issuer.

ESG Considerations

The ESG.RS conforms to that of the Austin TX Combined Utility System and Barclays.

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entities, either due to their nature or to

the way in which they are being managed by the entities. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

The rating reflects the short-term rating that Fitch maintains on the substitute bank providing liquidity support and will be adjusted upward or downward in conjunction with changes to the short-term rating of the bank and in some cases, the long-term rating of the issuer.

Contact:

Primary Analyst
Linda Friedman
Director
+1-212-908-0727
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Ronald McGovern
Director
+1-212-908-0315

Committee Chairperson
Mario Civico
Senior Director
+1-212-908-0796

Media Relations: Elizabeth Fogerty, New York, Tel: +1 212 908 0526, Email: elizabeth.fogerty@thefitchgroup.com

Additional information is available on www.fitchratings.com

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