

# **Bond Case Briefs**

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## **Fitch to Take Actions on Triborough Bridge and Tunnel Authority, NY Series 2018E Bonds.**

Fitch Ratings-New York-02 December 2022: On the effective date of Dec. 8, 2022, Fitch Ratings will downgrade the Long-Term rating to 'AA+' from 'AAA' and affirm the 'F1+' Short-Term rating assigned to the \$148,470,000 Triborough Bridge and Tunnel Authority general revenue variable rate refunding bonds, series 2018E (federally taxable). The Rating Outlook for the Long-Term rating will be Stable.

The rating action is in connection with: (i) the substitution of the irrevocable direct-pay letter of credit (LOC) currently provided by Bank of America, N.A. (AA/F1+/Stable) with a substitute LOC to be provided by UBS AG (UBS, AA-/F1+/Stable), acting through its Stamford branch; (ii) the mandatory tender of the bonds on Dec. 8, 2022; (iii) amendment of the related bond documents; and (iv) replacement of U.S. Bank, N.A. as trustee, tender agent and paying agent, with Bank of New York Mellon.

### **KEY RATING DRIVERS:**

The Long-Term rating will continue to be determined using Fitch's dual-party pay criteria and will be based jointly on the underlying rating assigned to the bonds by Fitch (AA-/Stable) and the rating assigned by Fitch to UBS (AA-/Stable), the provider of the substitute LOC supporting the bonds. The Short-Term 'F1+' rating will be based solely on the Short-Term rating of the provider of the substitute LOC. For information about the underlying credit rating see Fitch's press release dated Sept. 22, 2021 and available at '[www.fitchratings.com](http://www.fitchratings.com)'.

Fitch's dual-party pay criteria consider the likelihood of the failure of both a rated obligor and a bank LOC provider. The methodology results in a Long-Term rating that is up to two notches higher than the stronger of the two credits if the following conditions are met: (1) both entities have a rating of 'A' or higher; (2) the transaction is structured such that payments from both the municipal issuer and the bank are in the flow of funds and both entities would have to fail to perform before the bonds defaulted; and (3) the interest rate modes to be covered by Fitch's rating provide for either a mandatory purchase at the end of each interest rate period, or a purchase demand option. A one- or two-notch uplift will apply to the Long-Term rating depending on the frequency of the purchase demand option or the duration of the interest rate period which concludes with a mandatory tender.

The bonds provide holders with a tender option with no more than seven days' notice in the interest rate modes rated by Fitch. Fitch has applied a two-notch uplift, which results in a Long-Term rating of 'AA+' for the bonds.

Pursuant to the substitute LOC, the bank will be obligated to make regularly scheduled payments of principal of and interest on the bonds in addition to payments due upon maturity, acceleration and redemption, as well as purchase price for tendered bonds. The substitute LOC will have a stated expiration date of Dec. 5, 2025, unless extended or earlier terminated, and provide full and sufficient coverage of the principal amount of the bonds plus an amount equal to 53 days of interest at a

maximum rate of 11% based on a year of 365 days and purchase price for tendered bonds, while in the weekly and daily rate modes. UBS Financial Services will serve as remarketing agent for the bonds.

#### RATING SENSITIVITIES

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

-The Long-Term rating will be tied to the underlying Long-Term rating assigned to the bonds and the Long-Term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds;

-The Short-Term rating assigned to the bonds will be at the highest rating level and cannot be upgraded.

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

-The Long-Term rating will be tied to the underlying Long-Term rating assigned to the bonds and the Long-Term rating that Fitch maintains on the bank providing the LOC. Changes to one or both of these ratings may affect the Long-Term rating assigned to the bonds. Additionally, if either the underlying bond rating or the bank rating were downgraded to 'A-' or lower, the dual-party pay criteria could no longer be applied, and the Long-Term rating assigned to the bonds would then be adjusted to the higher of the bank rating and the underlying bond rating;

-The Short-Term rating assigned to the bonds will be adjusted downward in conjunction with the Short-Term rating of the bank providing the LOC.

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