

North Carolina Turnpike Authority Triangle Expressway Series 2019 Bonds, TIFIA Loan Assigned 'BBB' Rating

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CENTENNIAL (S&P Global Ratings) Oct. 28, 2019--S&P Global Ratings assigned its 'BBB' long-term rating to North Carolina Turnpike Authority's (NCTA) Triangle Expressway proposed \$376.36 million series 2019 senior-lien revenue bonds and proposed \$501.24 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. At the same time, S&P Global Ratings affirmed its 'BBB' long-term rating and underlying rating (SPUR) on NCTA's Triangle Expressway revenue bonds outstanding. The proposed bonds are subject to approval from the NCTA board and the Local Government Commission; approval is expected by Nov. 5, 2019. The outlook is stable.

"The rating reflects our opinion of the toll road's strong enterprise risk profile and adequate financial risk profile," said S&P Global Ratings credit analyst Ken Biddison.

The enterprise risk profile reflects our view of the authority's:

- Adequate market position;
- Extremely strong service-area economic fundamentals;
- Low industry risk relative to that of other industries and sectors; and
- Very strong management and governance.

The financial risk profile reflects our view of the authority's:

- Debt service coverage (DSC; S&P Global Ratings-calculated) that we expect will be pressured but remain at a level we consider adequate;

- Vulnerable debt and liabilities capacity in the near term;
and
- Strong liquidity and financial flexibility.

Bond proceeds will be used to pay certain costs of the Complete 540 project extending the existing Triangle Expressway System, pay interest on the bonds, pay the premium on the bond insurance policy, and pay certain costs associated with issuance.

The stable outlook reflects our opinion that the project will continue to perform near or above projections.

Although unlikely, we could raise the rating during the next two years if traffic and revenue figures continue to outperform the forecast at levels that we believe are sustainable.

We could lower the rating if transactions significantly fall below forecast, resulting in lower net revenues pressuring DSC and debt to net revenues.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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