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Various North Carolina Turnpike Authority Bonds Upgraded To 'BBB' From 'BBB-' On Criteria Application

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CENTENNIAL (S&P Global Ratings) May 8, 2019--S&P Global Ratings raised its long-term rating on North Carolina Turnpike Authority's (NCTA) Monroe Expressway senior toll revenue bonds, series 2016A and 2016C, and the authority's 2016 subordinate Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to 'BBB' from 'BBB-'. The outlook is stable.

The upgrade reflects the application of our "U.S. And Canadian Not-For-Profit Transportation Infrastructure Enterprises (/en_US/web/guest/article/-/view/sourceld/10312079)" criteria.

"The ratings reflects our opinion of the toll road's adequate enterprise risk and financial risk profiles and the uncertainty associated with forecasting traffic and revenues on new tolled facilities that recently opened," said S&P Global Ratings credit analyst Ken Biddison. The enterprise risk profile reflects the ramp-up risk and volume risk as the toll-road faces competition from free alternatives although the project benefits from favorable oversight and underlying economic fundamentals. The financial risk profile reflects the requirement for reasonable annual growth in revenues, transactions, and tolls to meet base-case projections of debt service coverage from a high debt burden, although the North Carolina Department of Transportation adds flexibility by guaranteeing to replenish the operation and maintenance and renewal and replacement fund if needed.

The expressway consists of an approximately 20-mile all-electronic tolling roadway extending from US Highway 74 at Interstate 485 in eastern Mecklenburg County, N.C., to U.S. 74 near Marshville. It provides travelers a limited access, four-lane road and an alternate and timesaving route for travelers who are currently taking U.S. Highway 74 through the Town of Monroe and several other communities.

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

Although unlikely, we could raise the rating in the two-year outlook period if traffic levels significantly outperform the forecast and we believe these levels are sustainable.

We could lower the rating during our outlook period if actual results fall below the forecast.

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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