S&P Global Ratings

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North Carolina Turnpike Authority Triangle Expressway's 2018 Refunding Bonds Assigned 'BBB' Rating

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CENTENNIAL (S&P Global Ratings) Nov. 8, 2018--S&P Global Ratings has assigned its 'BBB' long-term rating to North Carolina Turnpike Authority (NCTA) Triangle Expressway's proposed $430.4 million series 2018 refunding bonds. At the same time, S&P Global Ratings affirmed its 'BBB' long-term rating and underlying rating (SPUR) on NCTA Triangle Expressway's revenue bonds outstanding using its U.S. And Canadian Not-For-Profit Transportation Infrastructure Enterprises (/en_US/web/guest/article/-/view/sourceId/10312079) criteria, published March 12, 2018. The outlook is stable.

"The ratings reflect our opinion of the toll road's strong enterprise risk profile and adequate financial risk profile," said S&P Global Ratings credit analyst Kenneth Biddison. The enterprise risk profile reflects a toll road operating in a relatively large metropolitan area that provides important links within the Raleigh-Durham region, with strong traffic demand above initial forecasts. The financial risk profile reflects debt service coverage (DSC) metrics that we expect will be pressured but remain at a level we consider adequate supported by the strong state support for operation and maintenance (O&M) expenses, if needed.

Bond proceeds will be used to refund the 2009 Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, pay the premium for the bond insurance policy issued by AGM for certain maturities, pay premiums for the debt service reserve policy issued by AGM, and pay certain costs associated with the issuance.

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

Although unlikely, we could raise the ratings during the next two years if traffic and revenue numbers continue to trend in a positive direction that we believe is sustainable.

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

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