HR Ratings® A NRSRO Rating*

Credit Rating Agency

Central Texas Regional Mobility Authority

Infrastructure
October 30, 2017

HR Ratings ratified			
	Senior Lien Revenue Bonds	HR BBB + (G)	Stable Outlook
	Subordinate Lien Revenue Bonds	HR BBB (G)	

Definition

HR BBB + (G)

The assigned rating of HR BBB+ (G) to the Senior Lien Revenue Bonds indicates that the issues provide moderate safety for timely payment of debt obligations. The Bonds maintain moderate credit risk on a global scale, with weakness in the ability to pay in adverse economic scenarios. The "+" indicates relative strength within the rating category.

HR BBB (G)

The assigned rating of HR BBB (G) to the Subordinate Lien Revenue Bonds indicates that the issues provide moderate safety for timely payment of debt obligations. The Bonds maintain moderate credit risk on a global scale, with weakness in the ability to pay in adverse economic scenarios.

Factors that justify the assigned ratings

Performance of Traffic and Revenue through 2017

During the first seven months of 2017, Average Daily Transactions (ADT) increased 18.3% over the same period of 2016, while the real Average Daily Revenue (ADR) increased 14.8%.

Addition of SH 71 Express to the System

On February 22th 2017, the CTRMA incorporated this toll road to the System.

Future Project

A fourth toll road, 183 South, is currently under construction. It is expected to fully open to traffic on August 2020.

Base scenario

Under this scenario both Senior and Subordinate Bonds are fully paid with the System's revenues and it is not necessary to use the resources of the debt service reserve funds, or other funds available to comply with debt obligations.

Stress scenarios

Annualized Stress Rates (ASR)[1]

Senior Bonds

For the Senior Bonds, real term revenues could decline 51.6%, equivalent to an ASR[1] of 2.52%.

Stress Scenario[2]: Senior Bonds

The stress scenario applied to the Senior Bonds assumed a $CAGR_{16-45}$ in AADT of - 0.7% and of -0.8% in Annual Average Daily Revenue (AADR) for the same period.

Subordinated Bonds

For the Subordinate Bonds, real terms revenue could decline 48.6%, which would result in an ASR[1] of 2.05%.

Stress Scenario[2]: Subordinated Bonds

In the Subordinate Bonds, it is assumed that the $CAGR_{16-49}$ in AADT and AADR would be -0.2%.

Read Full Report

https://www.hrratings.com/pdf/19CTRMA_1stReview_Report_2017.pdf

[1] The ASR is the compounded average annual reduction in revenue or in transactions from the base case to the stress case. It is essentially the total cumulative decline in revenue or in transactions of the stress case from the base case converted into an average annual rate depending upon the number of years in the term of the obligation.

[2] Our stress scenario is not to be understood as an example of what could happen under a set of adverse circumstances. Rather, it should be understood as the most adverse set of circumstances that could be tolerated while at the same time the debt servicing obligations of the bonds are duly paid. Thus, the more adverse the set circumstances of the stress scenario, the greater is the credit quality of the bonds.

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