

## KBRA Assigns Rating to Triborough Bridge and Tunnel Authority General Revenue Bonds, Series 2018D

NEW YORK (September 16, 2020) – Kroll Bond Rating Agency (KBRA) assigns a long-term rating of AA with a Stable Outlook to the Triborough Bridge and Tunnel Authority (TBTA) General Revenue Bonds, Series 2018D. The assignment of a Stable Outlook reflects the ongoing recovery of traffic since the onset of the COVID-19 pandemic in March 2020. Toll traffic has recovered significantly since pandemic-related travel restrictions led to a bottoming out of traffic in April 2020 (9.7 million crossing or a 65% decline compared to April 2019). Year-to-date toll traffic of 161.2 million through August is outpacing the July Financial Plan's estimate of 193.1 million for full-year 2020. Absent an unexpected change in events surrounding the phased reopening of the New York City metro area, as the economy continues to recover, KBRA believes that the financial stress on the TBTA has stabilized.

Concurrently, KBRA affirms the long-term rating of AA on the TBTA's outstanding General Revenue Bonds and the long-term rating of AA- on the Subordinate General Revenue Bonds. The Outlook on the outstanding bonds has been revised to Stable from Developing.

### Key Credit Considerations

KBRA continues to monitor the direct and indirect impacts of the COVID-19 virus. Click [here](#) to access KBRA's ongoing research on the topic.

The rating action reflects the following key credit considerations:

#### Credit Positives

- The TBTA Board's independent rate setting authority and its proven track record of implementing required rate increases.
- Essentiality of the TBTA facilities to the regional transportation network and the resilience of NYC regional tolled traffic even amidst a near total lock down of the regional economy.
- Toll rates set to generate strong operating surpluses that are used to subsidize the MTA's mass transit system.

#### Credit Challenges

- The COVID-19 crisis presents unprecedented challenges to the TBTA's toll traffic and fiscal operations.
- Absence of requirement for funding debt service reserve funds.

### Rating Sensitivities

For upgrade:

- Growth in traffic volume that increases TBTA net revenues and results in a substantial and sustained increase in DSC.

For downgrade:

- Significant declines in traffic volume, increases in operating expense, or higher leverage that projects prolong declines in combined General Revenue and Subordinate Revenue Bond DSC.

### ESG Considerations

When relevant to credit, ESG factors are incorporated into the credit analysis in the same manner as all other credit-relevant factors. Among the ESG factors that have impact on this rating analysis are:

- Discussions in RD 3 and 4 reflect Governance Factors. KBRA considered the MTA/TBTA's Regulatory/Management Framework, financial profiles, and its rate-setting authority as factors that support ongoing debt service.
- Discussions in RD 1 and 2 reflect Social Factors. KBRA has examined the following areas for this credit: trends in population, education, income, poverty levels, employment, unemployment, and the potential impact of the COVID-19 crisis.

More information on ESG Considerations for the Public Finance sector can be found [here](#).

To access ratings and relevant documents, click [here](#).

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### **Disclosures**

A description of all substantially material sources that were used to prepare the credit rating and information on the methodology(ies) (inclusive of any material models and sensitivity analyses of the relevant key rating assumptions, as applicable) used in determining the credit rating is available in the U.S. Information Disclosure Form located [here](#).

Information on the meaning of each rating category can be located [here](#).

Further disclosures relating to this rating action are available in the U.S. Information Disclosure Form referenced above. Additional information regarding KBRA policies, methodologies, rating scales and disclosures are available at [www.kbra.com](http://www.kbra.com).

### **About KBRA**

KBRA is a full-service credit rating agency registered as an NRSRO with the U.S. Securities and Exchange Commission. In addition, KBRA is designated as a designated rating organization by the Ontario Securities Commission for issuers of asset-backed securities to file a short form prospectus or shelf prospectus. KBRA is also recognized by the National Association of Insurance Commissioners as a Credit Rating Provider and is a certified Credit Rating Agency (CRA) with the European Securities and Markets Authority (ESMA). Kroll Bond Rating Agency Europe is registered with ESMA as a CRA.