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KBRA Releases 1st Published Project Finance Rating.

KBRA Assigns Preliminary Rating to the Riverside County Transportation Commission Toll Revenue Bond, 2017 TIFIA Series

Kroll Bond Rating Agency (KBRA) announces the preliminary rating for the Riverside County Transportation Commission Toll Revenue Bond, 2017 TIFIA Series. The bond evidences the \$152.5 million loan ("the TIFIA Loan") from the United States Department of Transportation to the Riverside County Transportation Commission (RCTC). The TIFIA Loan constitutes federal project credit assistance under the Transportation Infrastructure Finance and Innovation Act for the I-15 express lanes project ("the Project").

The TIFIA Loan will have senior lien priority in project revenues. The interest rate will be set at closing at the 30-year U.S. Treasury State and Local Government Series rate plus 0.01%. The maturity of the TIFIA Loan will be limited to the earlier of 35 years after substantial completion of the Project (currently projected for July 1, 2020) or June 1, 2056. Interest on the TIFIA Loan will be paid semi-annually while principal will be paid annually. The TIFIA Loan will fully amortize by the projected maturity date, and therefore there is no refinancing risk in the transaction. Proceeds of the TIFIA Loan will be used to fund a portion of design-build and other costs for the Project, which are currently estimated at \$471 million. Other sources of funds for such Project costs include RCTC's Measure A sales tax revenue and Measure A sales tax bonds issued in relation thereto and various federal grants. Senior debt service coverage ratios for the TIFIA Loan average 3.13x under KBRA's rating case and stressed assumptions KBRA used in analyzing Project cash flows include higher construction and O&M costs and lower traffic volumes.

The Project consists of the design-build, operations and maintenance of improvements to approximately 15 miles of the I-15 freeway, in particular the construction of one to two tolled express lanes in each direction along the median of the approximately 15 mile project corridor from Cajalco Road in the City of Corona in Riverside County to just south of the I-15 freeway's intersection with State Route 60. The Project is expected to reduce congestion for motorists using the I-15 freeway and traveling between the Inland Empire and Los Angeles and Orange Counties. As noted above, the Project is projected to open to traffic on July 1, 2020.

RCTC is partnering with the California Department of Transportation and the Federal Highway Administration in the implementation of the Project and to ensure that development is in compliance with all applicable federal laws and regulations. Other key project participants include Skanska-Ames, a Joint Venture, as design-build contractor, Kapsch TrafficCom Transportation NA, Inc., as toll services provider, Parsons Transportation Group Inc., as independent engineer and RCTC's project and construction management consultant, and Stantec Consulting Services Inc., as traffic and revenue consultant.

KBRA analyzed the transaction using the [Project Finance Rating Methodology](#) published on November 15, 2013. KBRA will review the final operative agreements and legal opinions for the transaction prior to closing.

The preliminary rating is based on information known to KBRA at the time of this publication. Information received subsequent to this release could result in the assignment of a final rating that differs from the preliminary rating.

The rating report will follow.

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