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Fitch Takes Rating Actions on U.S. Availability Projects; Applies Revised Criteria.

Fitch Ratings-New York-07 December 2015: Fitch Ratings has taken rating actions on its U.S. portfolio of Availability Payment project financings following the recent publication of its revised 'Rating Criteria for Availability-Based Projects' on Oct. 14, 2015. Fitch's actions on its European Availability Payment portfolio are covered in a separate release published on Dec. 3, 2015.

The rating actions taken include four upgrades (three public and one private) and two affirmations based on Fitch's assessment of cost risk, realistic outside cost (ROC) stresses, indicative debt service coverage ratio (DSCR) thresholds, breakeven cost analysis as well as completion risk where applicable. In addition, Fitch upgraded one credit due to counterparty credit strength.

Full List of Rating Actions::

Treasurer of State (Ohio):

-Portsmouth Gateway Group, LLC (PGG) (Portsmouth Bypass project) upgraded to 'A-' from 'BBB';

Indiana Finance Authority:

-WVB East End Partners LLC (Ohio River Bridges East End Crossing project) upgraded to 'BBB+' from 'BBB';

New Jersey Economic Development Authority:

-NYNJ Link Borrower LLC (Goethals Bridge Replacement project) upgraded to 'BBB' from 'BBB-';

Regional Transportation District:

-Denver Transit Partners, LLC (Eagle project) upgraded to 'A-' from 'BBB-';

Indiana Finance Authority:

-I-69 Development Partners LLC (I-69 Section 5 project) affirmed at 'BBB';

Kentucky Economic Development Finance Authority:

-KentuckyWired Infrastructure Company, Inc. (Next Generation Kentucky Information Highway project) affirmed at 'BBB+'.

The Rating Outlook on all credits is Stable.

A brief rationale for each of the rating actions is described below. In addition, Fitch has also assigned public sector counterparty ratings for each availability payment project using its 'Rating Public Sector Obligations in PPP Transactions' criteria published on July 23, 2015, with description of the rationale for these actions also below.

Portsmouth Gateway Group, LLC (PGG) (Portsmouth Bypass Project)

Project Rating

The upgrade to 'A-' from 'BBB' reflects Fitch's Stronger assessment of the project's exposure to cost risk under Fitch's revised availability criteria with an all cost breakeven of 81%, which translates into a ROC multiple of over 16x given the low operating responsibilities of this project. The overall Stronger cost risk assessment is derived from Stronger assessments for scope risk and cost predictability and a Midrange assessment of cost volatility & structural protections. The rating further reflects the experience of the managing partner of the design-build joint venture (DBJV), Dragados USA (parent company Dragados, S.A., the construction arm of ACS Group), and the project's sizable security package that covers the worst-case replacement cost scenario. Once operational, the project will benefit from a strong revenue counterparty, the Ohio Department of Transportation (ODOT), and relatively low complexity operation, maintenance, and lifecycle requirements with the ability to withstand financial stresses.

The rating action applies to the following debt issuances:

- Treasurer of State's (Ohio) approximately \$227 million of senior private activity bonds (PABs), series 2015 on behalf of Portsmouth Gateway Group, LLC;
- Approximately \$208 million subordinate Transportation Infrastructure Finance and Innovation Act (TIFIA) loan to Portsmouth Gateway Group, LLC.

Grantor Rating

Fitch has assigned a PPP Grantor Counterparty rating of 'A+' with a Stable Outlook to the ODOT's Portsmouth Bypass project payment obligations. The credit quality of ODOT's counterparty obligation, two notches below the grantor Issuer Default Rating (IDR), reflects Midrange financial and legal attributes of the financing. ODOT receives large statutorily-determined allocations of motor fuel tax revenues and is not overly leveraged. Its capacity to make payments for this financing from its annual resources is strong.

WVB East End Partners LLC (Ohio River Bridges East End Crossing Project)

Project Rating

The upgrade to 'BBB+' from 'BBB' reflects Fitch's Midrange assessment of the project's exposure to cost risk under Fitch's revised availability criteria with an all cost breakeven of 64% which translates into a ROC multiple of over 8x. The overall Midrange cost risk assessment is derived from Midrange assessments to scope risk, cost predictability, and cost volatility & structural protections. In addition, the rating reflects the strength of the DBJV, which includes Walsh Construction and Vinci S.A. (rated by Fitch 'BBB+' / Outlook Stable), the progress to-date in construction with expected completion remaining on schedule and on budget despite slight delays on the tunnel portion of the project. The project also benefits from availability and milestone payments during construction and operation from a highly rated counterparty, the Indiana Finance Authority (IFA).

The rating action applies to the following debt issuances by the IFA on behalf of WVB:

- \$482.3 million series 2013A (long-term private activity bonds [PABs]);
- \$194.5 million series 2013B (short-term PABs).

Grantor Rating

Fitch has assigned a PPP grantor counterparty rating of 'AA' with a Stable Rating Outlook to the IFA's payment obligations for the Ohio River Bridges project. IFA's counterparty obligations are intentionally structured nearly identically to the authority's commitments for appropriation-backed debt issued on behalf of Indiana. There are parallel legal documents using similar language. Fitch

views IFA and Indiana's reporting of the obligations as mixed relative to the criteria assessment, and still evolving. Availability payment PPP structures are still relatively new in the state.

NYNJ Link Borrower LLC (Goethals Bridge Replacement Project)

Project Rating

The upgrade to 'BBB' from 'BBB-' reflects Fitch's Midrange assessment of the project's exposure to cost risk under Fitch's revised availability criteria. In addition, the rating also considers the current stage of construction as well as an all cost breakeven of 62% which translates into a ROC multiple of over 8x. The overall Midrange cost risk assessment is derived from Midrange assessments of scope risk and cost volatility and a Stronger assessment of cost predictability & structural protections. The rating further reflects the project's construction progress remaining on schedule and with sufficient funding to achieve completion prior to the long-stop date. Once operational, the project will receive a stable revenue stream from a highly rated revenue off-taker in the Port Authority of New York and New Jersey.

The rating action applies to the following debt issuances:

- \$460.9 million PABs issued by the New Jersey Economic Development Authority on behalf of NYNJ Link Borrower LLC;
- \$473.6 million (excluding capitalized interest) TIFIA loan to NYNJ Link.

Grantor Rating

Fitch has assigned an 'A' rating with a Stable Outlook to the Port Authority of New York and New Jersey's (Goethals Bridge Counterparty) rating. The rating considers the various operation and maintenance (O&M), developer finance arrangement (DFA) and capital maintenance (CM) payment obligations to NYNJ Link LLC (NY) as defined under the concession agreement relating to the Goethals Bridge renewal project. This rating considers the terms of the various payment streams in their totality vis-a-vis their priority within the Port Authority's Consolidated Bond Resolution. The specification of CM and DFA payments as subordinated special obligations is a key rating factor.

Denver Transit Partners, LLC (Eagle Project)

Project Rating

The upgrade to 'A-' from 'BBB-' reflects a direct link to the rating of Fluor Corporation (rated by Fitch 'A-/Outlook Stable), the project's contractor and operator, which guarantees completion, as well as O&M and lifecycle endeavors. If Fluor was to be downgraded or the guarantee was to go away, the rating of the project would likely be downgraded. Fitch has assessed the project's exposure to cost risk as Midrange under Fitch's revised availability criteria, and this cost risk assessment was derived from Midrange assessments of scope risk, cost predictability, and cost volatility & structural protections. The project also benefits from availability payments from a highly rated counterparty, the Regional Transportation District (RTD).

The rating action applies to the following debt issuance by the Regional Transportation District (RTD) on behalf of DTP:

- \$398 million in tax exempt PABs, series 2010.

Grantor Rating

Fitch has assigned a PPP Grantor Counterparty rating of 'A-' with a Stable Outlook to RTD's payment obligations for the Denver Eagle P3 Project. Voter approved sales tax revenues provide a stable revenue stream but the TABOR portion service payment is subordinate to RTD's senior lien bonds and FasTracks bonds (rated 'AA+' and 'AA', respectively, both with Stable Outlooks) and the non-TABOR portion is on parity with RTD's appropriations for O&M and Certificates of Participation (rated 'A'/Outlook Stable) .

I-69 Development Partners LLC (I-69 Section 5 Project)

Project Rating

The rating affirmation at 'BBB' reflects Fitch's Midrange assessment of the project's exposure to cost risk under Fitch's revised availability criteria with an all cost breakeven of 91%, which translates into a ROC multiple of over 12x. The overall Midrange cost risk assessment is derived from Midrange assessments of scope risk and cost volatility and a Stronger assessment of cost predictability & structural protections. The project benefits from a strong availability-based revenue profile and debt service coverage ratio (DSCR) profile that provides cushion against the risk of higher operating and lifecycle cost than forecast. Despite financial metrics that indicate the potential to be rated higher the project is currently capped at the 'BBB' level by completion risk given the credit strength of the contractor and security package. The project also benefits from availability and milestone payments during construction and operation from a highly rated counterparty, the Indiana Finance Authority (IFA).

The rating action applies to the following debt issuances by the IFA on behalf of I-69 Development Partners LLC:

- Approximately \$3.53 million PABs serial bonds, due 2017;
- Approximately \$240.32 million term PABs, due over various maturities no later than 2046.

Grantor Rating

Fitch has assigned a PPP grantor counterparty rating of 'AA' with a Stable Outlook to the Indiana Finance Authority's (IFA's) payment obligations. IFA's counterparty obligations are intentionally structured nearly identically to the authority's commitments for appropriation-backed debt issued on behalf of Indiana. There are parallel legal documents using similar language. Fitch views IFA and Indiana's reporting of the obligations as mixed relative to the criteria assessment, and still evolving. Availability payment PPP structures are still relatively new in the state.

KentuckyWired Infrastructure Company, Inc. (Next Generation Kentucky Information Highway Project)

Project Rating

The rating affirmation of 'BBB+' reflects Fitch's Stronger assessment of the project's exposure to cost risk under Fitch's revised availability criteria with a breakeven of 42%, which translates to a breakeven of over 5x. The overall Stronger cost risk assessment is derived from Stronger assessments of scope risk, cost predictability, and cost volatility & structural protections. The rating further reflects the project's adequate security package and experienced contractors completing a relatively low-risk project. A stable revenue profile is expected due to modest performance requirements and a fully indexed revenue component under the availability-based contract with a highly rated commitment from the Commonwealth of Kentucky (the Commonwealth). The project is able to withstand prolonged financial stresses during the operating phase due to the market-based

repricing of the O&M contract every 10 years.

The rating action applies to the following debt issuances by the Kentucky Economic Development Finance Authority on behalf of the KentuckyWired Infrastructure Company, Inc.:

- Approximately \$232 million senior tax-exempt revenue bonds series 2015A;
- \$58 million senior taxable revenue bonds series 2015B-1 & 2015B-2.

Grantor Rating

Fitch previously assigned a PPP Grantor Counterparty rating of 'A' with a Stable Outlook to the Commonwealth of Kentucky's payment obligations under the Kentucky Wired transaction. Project Agreement terms, including termination provisions and eventual Commonwealth ownership of the asset, clearly establish the significance of Kentucky's commitment for availability and milestone payments. However, Fitch views the commitment as slightly weaker than that for general fund supported appropriation debt, supporting the one notch distinction with the rating on those bonds ('A+' / Outlook Stable). The executive and legislative branches have both demonstrated support for the specific project and the Commonwealth's use of PPP procurements through specific statutory, budgetary, and administrative actions.

RATING SENSITIVITIES

These rating actions purely reflect the update to Fitch's rating criteria, with the exception of Denver Eagle P3. As such the rating sensitivities remain unchanged from Fitch's previous publications. (For additional details, see:

- 'Fitch Rates Portsmouth Gateway Group's Sr. PABS & Sub. TIFIA Loan 'BBB'; Outlook Stable', dated April 7 2015;
- 'Fitch Affirms Indiana Finance Authority's Revs at 'BBB'; Outlook Stable', dated Feb. 27, 2015
- 'Fitch Affirms New Jersey Economic Development Authority PABs at 'BBB-', Outlook Stable', dated May 29, 2015;
- 'Fitch Affirms Regional Transportation Dist, CO's PABs at 'BBB-'; Outlook Stable', dated May 27, 2015;
- 'Fitch Assigns Indiana Finance Auth's PABs 'BBB' Rating; Outlook Stable', dated July 23, 2014;
- 'Fitch Rates KentuckyWired Infrastructure Company, Inc.'s Senior Debt', dated Sept. 3, 2015.

The rating for the Denver Eagle P3 project is tied to the guarantee from Fluor and therefore additional sensitivities as described in the rationale above would apply.

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