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### **Moody's upgrades to A3 the E-470 Public Highway Authority toll revenue bonds, outlook stable**

AURORA, Colo. – Moody's Investors Service, one of the nation's top three bond rating agencies, has upgraded the E-470 Public Highway Authority toll revenue bonds from Baa1 to an A3 rating. The rating outlook is stable. Moody's announced the rating increase on Friday, June 3.

In its announcement, Moody's said, "The rating upgrade reflects sustained strong traffic and revenue growth, improving financial metrics, proactive debt and financial management and our expectation that the strong service area economy growth will continue to have a positive effect on traffic and revenue into FY 2016 and beyond."

Moody's further noted the rating boost took into account E-470's "very strong liquidity" and "conservative budgeting practices."

Moody's news release also said, "The stable outlook is based on our expectation that traffic and revenue growth will perform as forecasted following strong growth over the last several years. The growth is being driven by a strong and expanding service area economy and has resulted in improved metrics due also to annual toll increases and conservative budgets. These positive trends are tempered by on-going credit pressure from escalating debt service requirements and the need for annual toll increases and persistent traffic growth." Regarding the escalated debt service requirements, E-470 Director of Finance Stan Koniz said in 2015 E-470 made \$91.1 million in debt service payments to bondholders. This year, that amount is budgeted at \$97.3 million. The debt service obligation is scheduled to increase annually until 2020, when the current debt management plan has it leveling off.

Koniz said another factor, its debt service coverage history, has contributed to E-470's favorable ratings with all three rating agencies. "In 2015, debt service coverage, the amount of net revenues in excess of what is required to meet obligations to bondholders – was 1.78 – much more than the minimum debt service coverage ratio of 1.30 required by the master bond resolutions. The actual ratio was the highest E-470 has ever achieved."

He said E-470 has had six consecutive years of traffic and net toll revenue growth, helping E-470 accumulate reserves to avoid taking on additional debt. E-470 Executive Director Tim Stewart said, "Those reserves are making possible the self-funding of a nearly \$90 million road construction project in 2016 and 2017 to add a third lane in each direction along eight miles of the toll road in southeastern Aurora – all without creating any new debt."

The E-470 toll road has been financed, constructed, operated and maintained by the E-470 Public Highway Authority and is not taxpayer funded. The authority is a political subdivision of the State of Colorado, operating as an "enterprise" under state statute and thus is self-sustaining, generating its own revenues without recourse to taxpayer funds. The authority is composed of its eight member jurisdictions, those being five municipalities (Aurora, Brighton, Commerce City, Parker, and Thornton) and three counties (Adams, Arapahoe and Douglas). Each jurisdiction has one voting member on the eight-member E-470 Board of Directors.

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