Article Title: Criteria | Governments | General: Global Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions Data: (EDITOR'S NOTE: —On Dec. 16, 2022, we republished this criteria article to make nonmaterial changes. See the "Revisions And Updates" section for details.) OVERVIEW AND SCOPE 1. These criteria apply to transportation infrastructure enterprises (TIEs) globally, as described in the glossary. 2. These criteria generally apply to TIEs identified as a government or a subdivision thereof and to not-for-profit TIEs including both government-related entities (GREs), rated in conjunction with "General Criteria: Rating Government-Related Entities: Methodology And Assumptions," published March 25, 2015, and non-GREs. These criteria do not apply to for-profit entities. A GRE is assessed through these criteria or a corporate framework depending on its characteristics. We generally apply the following principles when determining whether to utilize our public finance-based framework under these criteria: Mission: The entity has a public policy objective. Motive: The entity is not commercially motivated, as may be demonstrated by not-for-profit status. Distributions: Gains may be generated, but the entity generally retains earnings in the service of its public policy objective or distributes to another entity with a direct and explicit public policy objective. 3. If each of the above characteristics is met, a TIE is typically assessed through the application of these criteria. Further considerations that reflect evolving credit stories, including entities that are going through a transformation process toward an overall more profit-seeking business model, may be taken into account when determining which criteria should apply. 4. Types of ratings and other credit-related evaluations that can be assigned under these criteria include: Stand-alone credit profiles (SACPs), issuer credit ratings (ICRs), and issue credit ratings. For more details on these types of ratings and components of ratings, see our rating definitions and the related criteria for SACPs. 5. These criteria provide additional transparency and comparability to help market participants better understand our approach in assigning ratings, to enhance the forward-looking nature of these ratings, and to enhance the global comparability of our ratings through a clear, comprehensive, and globally consistent criteria framework. This criteria article is related to our criteria article "Principles Of Credit Ratings", published Feb. 16, 2011. METHODOLOGY 6. These criteria are guided by a framework that evaluates the enterprise risk and financial risk of a TIE as the starting point for determining its rating, which we call an anchor. The SACP is established after applying positive or negative overriding factors, caps, and holistic analysis. Final ratings are reached after incorporating any external factors, and if we are evaluating a specific instrument, the legal pledge and covenants. 7. Within the enterprise risk profile, we consider such factors as industry risk, economic fundamentals, market position, and management and governance. Within the financial risk profile, we consider such factors as financial performance; debt and liabilities; and liquidity and financial flexibility. We assign an assessment to each factor ranging from "extremely strong" (the strongest) to "highly vulnerable" (the weakest), which equate to numeric assessments of '1' to '6', respectively. Since we believe that some factors are more likely to affect credit quality than others are, we would assign a different weight to each of the enterprise and financial risk profile factors, as described in the methodology. 8. S&P; Global Ratings does not intend that these criteria be prescriptive, but rather that they would be a general approach to our analysis of the issues we consider relevant to global not-for-profit TIEs. A. Framework 9. Our methodology for evaluating not-for-profit TIEs globally, and issue credit ratings on revenue-secured debt issued by TIEs, is depicted in chart 1. It uses the same major elements as our criteria for other municipal enterprise sectors and is guided by a framework that evaluates the TIE's enterprise and financial risk profiles as the starting point for determining its rating. While many of an enterprise's activities affect both profiles, we believe our approach clearly identifies the various ways that strategic and operational activities affect an enterprise. For example, a capital plan could improve an enterprise's competitive position through offering its customers enhanced facilities, while also resulting in higher operating or capital expenses. These impacts are captured in both the enterprise and the financial risk profiles, and if one of the effects is more dominant, we could identify that dynamic and ultimately its impact on the rating, through the relative impact on the enterprise risk profile and financial risk profile assessments. 10. Within the two profiles, we review seven primary factors: four enterprise risk profile and three financial risk profile factors. Those factors are explained in the Primary Credit Factors section. Chart 1 11. We assign a designation to each factor, ranging from "extremely strong" to "highly vulnerable", equating to numeric assessments of '1' to '6', respectively. Since we believe some factors are more likely to affect credit quality than others are, we assign a weighting to each, as shown below in charts 2 and 3. There may be circumstances in which we assign an enterprise or financial risk profile assessment that differs from the calculated assessment based on the individual factor assessments. Examples of those circumstances are in tables 4 and 8 in the Primary Credit Factors section. 12. The enterprise risk profile assesses the operating environment and incorporates broad industry factors as well as organization-specific factors. Market position receives the highest weighting. Once we determine the initial enterprise risk profile assessment, we may adjust it for unusual factors. For detailed examples, refer to table 4 in the Primary Credit Factors section. Chart 2 Chart 3 Table 1 Combining The Enterprise And Financial Risk Profiles To Determine The Anchor FINANCIAL RISK PROFILE ENTERPRISE RISK PROFILE 1 2 3 4 5 6 Extremely strong Very strong Strong Adequate Vulnerable Highly vulnerable 1 Extremely strong aaa aa+ aa- a bbb+/bbb bb+/bb 2 Very strong aa+ aa/aa- a+ a- bbb/bbb- bb/bb- 3 Strong aa- a+ a bbb+/bbb bbb-/bb+ bb- 4 Adequate a a/a- a-/bbb+ bbb/bbb- bb b+ 5 Vulnerable bbb+ bbb/bbb- bbb-/bb+ bb bb- b 6 Highly vulnerable bbb- bb bb- b+ b b- 13. Table 1 indicates how the enterprise and financial risk profile assessments are combined to reach an anchor. After we determine the anchor, we use additional factors to modify the anchor. Such additional overriding factors can positively or negatively affect the outcome suggested by table 1. For example, if both the financial performance and liquidity position for an enterprise are highly vulnerable or trending toward levels we consider highly vulnerable, we may believe it is highly exposed to stress and has an elevated risk of default as a result. In those circumstances, a very strong enterprise risk profile, for example, is less important than it would otherwise be. See Overriding Factors And Caps in the Primary Credit Factors section for additional details about these factors. 14. We use lower-case letters in table 1 to highlight that the anchors are not ratings themselves, but rather initial indicative credit levels suggested by the enterprise and financial risk profile assessments. In cases where table 1 presents two anchors, the choice between the two anchors is based on our view of the future performance of the factors in the enterprise and financial risk profiles. 15. After we apply any relevant overriding factors and caps, we apply our holistic analysis to reach an SACP. A holistic analysis is part of determining the TIE's SACP because it helps capture a broader view of creditworthiness. The holistic analysis can have a one-notch impact up or down. When we determine an adjustment of one notch up or down is warranted, it may be based on factors including our forward-looking view of an issuer's operating and financial performance. It may also reflect a comparable ratings analysis when relevant, or strengths or weaknesses not fully reflected through application of the criteria framework as it pertains specifically to the issuer. 16. We use the term SACP to reflect the guidance from table 1 plus any relevant overriding factors and caps described in the Primary Credit Factors section and the holistic analysis described earlier. For more information about SACPs see our criteria, "Stand-Alone Credit Profiles: One Component Of A Rating", published Oct. 1, 2010. 17. For instances where a consolidated financial risk profile may not lend itself to analysis using only one asset class, we typically use a blended approach. An example is an enterprise that owns two or more different types of key transportation infrastructure assets. To evaluate such an enterprise we typically use portions of these criteria that relate to those business segments that most strongly influence the enterprise's overall profile. More specifically, when the analysis of consolidated financial statements using these criteria for a specific asset class does not sufficiently capture the overall credit quality of the enterprise, we apply those sections of the criteria we consider the most relevant. The overall credit profile could also include adjustments to account for any benefits or risks. 18. Next we analyze the influence of external factors such as: Transfer and convertibility considerations, Sovereign risk (generally would be constrained by the sovereign rating on the country in which the TIE is domiciled), and The potential for extraordinary support or intervention from a related government or entity. 19. We use related criteria and associated caps to make those assessments. Most commonly, these criteria are General Criteria: Rating Government-Related Entities: Methodology And Assumptions," published March 25, 2015; "General Criteria: Group Rating Methodology," published July 1, 2019; "Criteria For Determining Transfer And Convertibility Assessments," published May 18, 2009; and "Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions," published Nov. 19, 2013. 20. Once the effect of any external factors is incorporated, we arrive at the ICR. The ICR reflects the general creditworthiness of the entity and does not incorporate the pledge or covenants provided to bondholders for any particular debt instrument. For non-U.S. transportation providers, the global scale, foreign currency, long-term ICR is the lower of the related sovereign's transfer and convertibility assessment or the transportation enterprise's local currency ICR. The foreign and local currency ratings incorporate, if relevant, the sovereign stress test, as per our rating above the sovereign methodology. The local and foreign currency ICRs on a transportation enterprise are often the same. 21. In the final step of our analysis, if we are rating a specific debt instrument, we review the legal structure of the instrument, including the pledge and covenants, to determine the issue credit rating. This analysis most often results in an issue credit rating that is the same as the ICR. However, the two may differ in some circumstances. For ratings below 'B-', see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings", published Oct. 1, 2012. 22. Issue credit ratings are determined based on our view of the ICR and the legal/covenant package, as more fully described in "Assigning Issue Credit Ratings Of Operating Entities" published May 20, 2015. Unless otherwise specified, the above criteria generally apply when assigning issue credit ratings under these criteria to non-U.S. issuers. 23. Subordinate debt obligations issued by issuers under the scope of these criteria are rated consistent with "Assigning Issue Credit Ratings Of Operating Entities." The issue credit rating could be affected by structural enhancements or other security features such as subordination or additional collateral. 24. We typically rate debt issued by state transportation agencies secured by a pledge of federal grants (e.g., GARVEE bonds) under "Methodology And Assumptions: Rating U.S. Federal Transportation Grant-Secured Obligations," published May 29, 2009 and "Federal Future Flow Securitization," published March 12, 2012. B. Analytical Considerations 25. Our assessment of all factors in this criteria article is based on our forward-looking view of the entity's performance. Commonly, we begin our assessment by examining historical and current performance metrics, including the volatility and trend of past results. We may also use pro forma or projected performance metrics, which may differ from or complement historical or current results. Our forward-looking view of a factor is typically informed by our opinion of macroeconomic, legislative, and regulatory conditions, our view of entity-specific factors such as competitive position, budgets, capital plans, revenue stream trends, management actions, and our analysis of the entity's own forecast when available. 26. For example, in evaluating coverage metrics, we typically start with three years of historical data, or two years of historical plus interim or estimated results for the current year, if we believe such interim or estimated results meet our information quality standards. The trend of historical results and our understanding of the reasons for those trends inform our forward-looking view of whether coverage will improve, worsen, or remain close to historical levels in the future. For example, if an entity has debt plans that will result in higher debt service, it could inform our view of future coverage. In this example, we may base our assessment of coverage on our forward-looking view of the coverage level, after taking the entity's debt plans and potentially other factors into account. 27. When evaluating historical data, we generally view audited results as more reliable than interim or estimated results, and we take that into account in our assessment. We also typically view the most recent audited results as more important than prior years' results, although those results still matter as they help us understand the stability of performance. In jurisdictions where audited financial statements are not the norm for this sector, we may accept certified or other forms of financial data if we deem the information quality of such statements meet our requirements for analysis, meaning we believe we have a sufficient quantity of information received on a timely basis from a source we consider reliable. 28. If the assessment falls at or near a midpoint when scoring the enterprise risk or financial risk profile assessments (table 1), or at or near a cut-off for any component thereof, we generally assign the stronger assessment if trends are improving or we believe future performance will improve. The weaker assessment generally is assigned if trends are weakening or we believe future performance will be weaker. C. Primary Credit Factors 1. Enterprise Risk Profile Assessment 29. The enterprise risk profile assesses general industrywide considerations common to the sector with respect to all enterprises in the relevant jurisdiction, as well as issuer-specific factors. Four factors are assessed as a part of the initial enterprise risk profile assessment. The factors and their weightings are: Economic fundamentals (10%); Industry risk (20%); Market position (60%); and Management and governance (10%). a) Economic fundamentals (10% weighting) 30. The economic fundamentals assessment, which evaluates the transportation infrastructure provider's service area's ability to provide sustainable demand for provider's services, generally uses local or national GDP per capita data in U.S. dollars at market prices to arrive at an initial assessment. We believe income levels and economic activity, as measured by GDP per capita, are indications of the strength of the economy and a leading indicator of transportation infrastructure utilization. A preponderance of other factors, such as the service area's population size and growth rate, and strength of the employment base could strengthen or weaken the initial assessment because we believe such factors can influence the sustainability of demand for a provider's services, directly affecting the level of revenue available for debt service payments. 31. Depending on the reporting norms in a given country, we may use other nationally recognized proxy for GDP per capita indicators (such as gross state product per capita). In other situations when we view GDP per capita as inappropriate, we focus on the gross national product per capita measure. If the municipal or provincial/state data are not available, we generally use the data for a higher level of government with appropriate adjustments. 32. S&P; Global Ratings generally uses GDP per capita data in U.S. dollars at market prices. We determine our locally or nationally based initial economic fundamentals assessment, using GDP per capita thresholds detailed in "Sector And Industry Variables: Sovereign Rating Methodology," published Sept. 28, 2022. 33. We typically use GDP per capita for the regions(s) where the transportation infrastructure is located which is often the core source of demand. More specifically, since the assets of transportation infrastructure providers typically provide services at a local, state, or provincial level, we typically apply the local or state GDP per capita in our analysis. The national GDP per capita is typically used for assets that we consider have a certain degree of national significance because their role and importance are considered when assessing the market position for those providers. For tolled international crossings, however, we typically consider local GDP per capita in our assessment. 34. In assessing economic fundamentals, we may take additional considerations into account. These additional considerations could result in an economic fundamentals assessment that is stronger or weaker than the GDP per capita thresholds indicate. The magnitude of such adjustments is based on the preponderance of available information and our view of the relevance of these factors to the overall assessment, with smaller adjustments of one or two assessment levels generally being the case versus greater adjustments of three or more assessment levels. Below are some examples of positive and negative factors we consider. Examples of positive considerations User base or service area population is greater than 5 million. Service area population has a growth rate more than double the national level. Service area unemployment rate is less than half the national average. Examples of negative considerations User base or service area population is below 100,000. A service area population that has a growth rate less than half the national level. Service area unemployment rate is more than double the national average. b) Industry risk (20% weighting) 35. Industry risk provides an indication of the general riskiness of the transportation infrastructure sector relative to other economic sectors or industries. We generally assign the same standard industry risk assessment to all not-for-profit TIEs, reflecting factors common to them all, such as cyclicality and competitive risk. We use the other components of our enterprise risk profile assessment to identify the extent to which an issuer's particular attributes entail higher or lower overall risk than is suggested by this general industry risk assessment. 36. The moderate weight assigned to industry risk, particularly compared with market position, is because we believe such enterprises generally have higher barriers to entry or are typically capital intensive, making it difficult for new entrants. Additionally, such enterprises typically have specific characteristics that are much more dominant than those in industries with greater levels of competition. 37. The industry risk for TIE sectors is determined through application of S&P; Global Ratings' framework for assessing industry risk and application of the key credit factors for each sector. In total, the sector is assessed as "low risk", equating to "very strong" under the TIE criteria. This reflects the industry's: "Low risk" cyclicality assessment, and "Low risk" competitive risk and growth assessment. 38. We base our aggregate assessment for the airports and ports subsectors in scope upon assessments of the characteristics noted below as "low risk" except for "growth trends" which we view as "medium risk." For toll roads, parking, and mass transit, the assessments of the characteristics noted in this paragraph are all "low risk" except for "secular change," which we view as "medium risk." We provide additional insight to our assessments below in this section. For some entities or subsectors, our industry risk assessment may be adjusted if the following characteristics in the industry risk framework have an impact on industry risk relative to the standard: Effectiveness of barriers to entry. Level and trend of industry profit margins. Risk of secular change and substitution of service, products, and technologies. Risk in growth trends. 39. We view the risk of secular change and substitution by products, services, and technologies as medium risk for toll roads, parking systems, and mass transit and low risk for airports and ports because their infrastructure is difficult to replicate or replace. For instance, a new mass transit (rail or bus) service may compete with flights, road links, and parking systems that serve the same markets. While an airport operator (with collaboration from airline tenants) can adjust routes and flight schedules to mitigate the impact of a new mass transit service, operators of toll roads and parking systems are typically less able to adjust their service offering. 40. We consider the industry growth trends medium risk for airports and ports and low risk for toll roads, parking systems, and mass transit with demand moderately sensitive or less sensitive, respectively, to economic cycles and changes in fuel prices. 41. The combination of the cyclicality assessment of "very strong" and the competitive risk and growth assessment of "very strong" results in the overall industry risk assessment of "very strong", which is applied to all not-for-profit TIEs, despite the small differences in our assessments of different types of TIEs in two of the categories described in the previous two paragraphs, which is consistent with "Methodology: Industry Risk." We use the other components of our Enterprise Risk Profile assessment to identify the extent to which an issuer's particular attributes entail higher or lower overall risk than is suggested by this general industry risk assessment. 42. For cases in which a TIE has varied business segments that materially influence the cash flow operations on a consolidated basis, a blended industry risk score is calculated by taking a weighted average of those industry scores for which those key revenue generating business segments compete within. We generally do not adjust the industry risk assessment if at least two-thirds of revenue is derived from traditional TIE sources. c) Market Position (60% weighting) 43. Our market position assessment typically focuses on the role and importance a provider plays within its respective industry; activity level trends, (including customer diversity and volatility); and rate-setting flexibility (legally, economically, and politically). In our view, this is the most influential component of our assessment of enterprise risk. Depending on the situation, other factors may also be relevant, such as scale of operations and operating history. 44. Table 2 includes guidance on the characteristics we typically expect to see for each assessment level by asset class. In cases where the asset class-specific guidance does not entirely capture a particular provider's situation, we refer to the last section in table 2 that details general characteristics of providers we consider extremely strong to highly vulnerable. We do not expect a TIE to demonstrate all of the characteristics at any given assessment level; rather, we assess each enterprise by looking at the variety of factors cited and use a preponderance of factors to determine the overall assessment. The guidance provided in table 2 is used in combination with credit metrics we typically consider for each asset class. Such credit metrics are listed in Appendix 3-7. Table 2 Market Position Assessment By Asset Class EXTREMELY STRONG VERY STRONG STRONG ADEQUATE VULNERABLE HIGHLY VULNERABLE AIRPORTS Airport or airport system that provides essential air service, functioning as a national provider with minimal competition with no apparent constraints on increasing rates. Airport or airport system that is a dominant provider for air travel, functioning as the primary provider to a large local service area or as a national connecting hub. Alternatively, an airport that falls short of extremely strong due to significant capital programs, which test their pricing power. An airport that has low carrier concentration, or a low airline cost structure despite having high air carrier concentration. Airport that functions as major connecting hub with extremely high air carrier concentration, or a smaller airport that has generally stable or modest fluctuations in traffic, but is able to maintain a good base level of air travel demand that we believe is sustainable. An airport that fits either description above, even though it has a high airline cost structure. Smaller airport that has a relatively stable or sufficient base level of demand. Airport experiencing year-over-year declines or fluctuations in traffic due to a weak competitive position or from serving a very economically weak service area. Start-up airport or an existing small airport that has very volatile activity or generally negative enplanement trends due to a weak competitive position. AIRPORT SPECIAL FACILITY PROJECTS A highly diverse system of special facility projects dispersed geographically and providing essential services for their respective airports. Such system would consist of facilities with very strong competitive advantages. The collective system has no apparent constraints on increasing rates. Project provides a highly essential service to its corresponding airport, but is geographically concentrated. Project’s location (such as a passenger or cargo terminal) in relation to other service providers at the airport it serves is superior relative to other service providers at the corresponding airport. Demand for services is relatively stable. Projects considered strong typically are located at large airports. Project's location (such as a passenger or cargo terminal) in relation to other service providers at the airport attracts a sufficient base level of demand. Demand for services is generally stable with some periods of modest volatility. Projects considered adequate typically are located at smaller airports. Project's location (such as a passenger or cargo terminal) and service offerings in relation to those of other service providers at the airport are fair or somewhat at a disadvantage. Project's demand for its services fluctuates. Start-up projects still in ramp-up or that have a limited history of revenue collections. Project's role and importance to the corresponding airport is very uncertain due to significant competition or serving an airport that has experienced weak or volatile demand. Start-up projects. MASS TRANSIT An essential, highly utilized, well-integrated, and extensive mass transit system that provides a compelling transportation alternative in very large and congested metropolitan regions. Offers safe, reliable, and frequent service. Has varied service and fare offerings such as subway, commuter rail, and bus. An essential and well-utilized mass transit system (generally consisting of more than one significant mode of transit) with good geographic reach and very good access, providing a very appealing transportation alternative in a large and congested metropolitan area. Offers safe, reliable, and frequent service. Has somewhat varied service and fare offerings. An important mass transit system with good utilization that has moderate geographic reach with good access that provides an appealing transportation alternative in a somewhat congested midsize metropolitan area. Offers safe and reliable service. Providers might not have rail services and face modest competition. Has somewhat varied service and fare offerings. A mass transit system of a sufficient base level of demand with limited geographic reach and acceptable access that provides an adequate (more discretionary) transportation alternative in a moderately populated or less congested local area. Offers safe and reliable service. Might have limited variety of service and fare offerings. A mass transit system that has limited operating history, or that has low, declining, or fluctuating utilization. Might have limited geographic reach and access. Faces increasing competition, serves a region we consider marginal, or plays a minor part in the service area's transportation offerings. Might have limited service and fare offerings, such as only a bus service. A mass transit system with little or no operating history, or that has low, declining, or volatile utilization. May have limited geographic reach and access or weak system performance metrics. Serves a region we consider economically weak. Plays a marginal part in the service area's transportation offerings. Might have limited service and fare offerings, such as only bus service. PARKING FACILITIES A geographically diverse parking system with a dominant competitive advantage, controlling a significant amount of public parking spaces for a large metropolitan area with few alternatives. There are no apparent constraints on increasing rates. A parking system with characteristics that fall short of an extremely strong system but are better than a strong system. Additionally, such operators face some, albeit limited, constraints to setting rates due to legal, economic, or political reasons. A geographically diverse parking system with a good competitive advantage, controlling a large amount of public parking spaces for a city or campus, while facing some competition from other providers or alternative modes of transportation, such as mass transit. A single or multiasset system situated in an attractive location, allowing it to maintain relatively stable demand during economic cycles. A single asset garage, which has experienced fluctuating demand due to increasing competition or serving a service area we consider marginal or weak. A start-up facility or a system that is facing declining demand due to significant competition or from serving a service area we consider economically weak. PORTS A key national provider of port services with minimal competition for port services with strong multimodal capabilities and there are no apparent constraints on increasing rates. A dominant provider of port services for a large multistate or province region. Port handles a diverse mix of cargo and benefits from favorable geographical location, close to large population centers that provide robust local demand for goods. Additionally, such port operators face some, albeit limited, constraints to setting rates due to legal, economic, or political reasons. A port that has some diversity but also some areas of specialization, which has exhibited good or relatively stable tonnage trends or activity that are generally stable during different economic cycles. A port whose characteristics fall short of a strong port but are better than a vulnerable port. A port that generally has negative or fluctuating tonnage trends or activity as a result of competition or reliance on few commodities or discretionary travel. A port that historically has experienced significant swings in tonnage or activity due to high reliance on a particular commodity or industry and intense competition. TOLL ROADS & BRIDGES A geographically diverse and highly essential multi-state or multi-province system with minimal competition and there are no apparent constraints on increasing rates. Mature state-wide systems or key provider to large metropolitan area with a stable competitive position. Limited constraints to setting rates. Less geographically diverse system that has limited competition providing important linkages within the road network (e.g. international bridge crossings, land bridges, a managed lanes project). Single asset with important linkages to road network. Single or multi asset system that has exhibited relatively stable traffic levels with less important linkages to the road network. Single asset that has fluctuating or declining traffic levels; a start-up toll road still in ramp-up. Start-up toll road that has little or no operating history; toll road with rapidly declining traffic levels or poor infrastructure quality. GENERAL CHARACTERISTICS OF INFRASTRUCTURE ENTERPRISES (NOT ASSET CLASS-SPECIFIC) Enterprises that provide an essential service to a national or a favorable regional economy; serve strategic routes or have a quasi-monopoly within its market; have a long history of resilient and diverse demand through different economic cycles that we believe is sustainable; and there are no apparent restrictions on pricing power legally, competitively, politically, and for other reasons. Has generally strong political support. Enterprises that provide an essential service to the national or regional economy; serve strategic routes within its market; have a history of strong demand across a range of economic conditions that we believe is sustainable; and have minimal restrictions on pricing power legally, competitively, politically, and for other reasons. Has generally strong political support. Enterprises that provide an important service; have modest exposure to competition; have relatively stable and predictable activity levels supported by an economically healthy service area and above-average demand characteristics; and good pricing power, despite moderate legal, competitive, political, or other constraints. Has generally good political support. Enterprises that provide a longstanding service with average exposure to competition; have generally stable activity levels with some variability and average demand characteristics; and fair pricing power despite some legal, competitive, political, or other constraints. Has generally adequate political support. Enterprises that are start-ups; are marginal providers within a service area; face significant competition; have limited operating capacity; have unpredictable activity levels; have limited-to-poor growth prospects; and have limited or weak pricing power due to high leverage or legal, competitive, political, or other constraints. Might have questionable political support. Enterprises that are start-ups or marginal providers within a weak service area; face intense competition; have limited operating capacity or poor infrastructure quality; have no or highly unpredictable activity levels or have a high likelihood of experiencing a significant drop in demand; and have very limited, uncertain, or no pricing power due to legal, competitive, political, or other constraints. Might have questionable political support. 45. For instances where an enterprise's operations consist of a mix of different revenue streams, we formulate an overall market position for such enterprise, using a blended approach, placing more emphasis on those business segments that most accurately depict the provider's overall market position within its service area. The diversity, importance, and size of an enterprise's key revenue generating assets and the demand for such key assets over time due to changing competitive, political, regulatory, and economic conditions is also considered. In short, we form our overall view of the enterprise's market position based on our aggregate view of the relevant asset class-specific guidance in combination with the general guidance provided in table 2. 46. In assessing market position, we may take additional considerations into account. These additional considerations could result in an assessment that is stronger or weaker than that indicated by table 2. The magnitude of such adjustments is based on the preponderance of available information and our view of the relevance of these factors to the overall assessment, with smaller adjustments of one or two assessment levels generally being the case versus greater adjustments of three or more assessment levels. Examples of negative factors we may consider include if there is, or there is anticipated to be, volatility attributed to events outside of the provider's control, such as external economic conditions, significant weather or seismic events, health scares, security concerns, or changes in federal policies (regarding military installations or other matters of national interest). d) Management and Governance (10% weighting) 47. The management and governance assessment measures the strength of a TIE's management team and the oversight provided by its governance. Key factors that we assess include: Strategic positioning, such as the clarity and specificity of strategic plans; Risk management and financial management, such as the articulation of operational and financial risks and mitigation plans to handle such risks; and Organizational effectiveness, such as the predictability of cash flows and management's depth and breath. 48. We assess management, similar to the other enterprise risk profile factors, from "extremely strong" to "highly vulnerable". Management and governance is given a relatively low weight because we believe that management's actions, or lack of action, are already evident in our assessment of many of the other primary rating factors. 49. Table 3 provides typical characteristics of not-for-profit TIEs at each of the six assessment levels. In general, we assess each factor in the table by looking at the variety of factors cited and use a preponderance of factors to determine the initial assessment. Where the guidance combines a range of assessments, such as "extremely strong" and "very strong", we evaluate the overall preponderance of factors and our view of the organization's relative strengths within the range. The guidance provided in table 3 is used in combination with the status and business terms of key agreements or contracts we typically consider for each asset class. Examples of such agreements or contracts are listed in Appendix 3-7. We consider management's ability and willingness to enforce and adhere to the terms of such agreements or contracts in our assessment. 50. Given the direct impact management and governance practices have on an organization's credit profile, any one materially deficient sub-factor could be potentially harmful to credit quality. If we view any one factor as presenting sufficient risk to the enterprise's credit profile, we generally would cap the management and governance assessment at "vulnerable" even if we assess the remaining factors more favorably. 51. There is no favored governance structure for a TIE or project within the methodology. Some municipal enterprises or projects are a department or component unit of the local political subdivision, governed by the same locally elected officials as the local or regional government. Other enterprises are governed by an independent or quasi-independent board. The governance structure is generally considered credit neutral if we believe management has the ability and capacity or tools to operate the enterprise or project as a viable going concern, largely independent from politics (not generally the case for entities, or GREs, where we assess government support or negative intervention), with professionals who are capably engaged in risk oversight and can balance interests appropriately. When the governance structure is not credit-neutral, we could assess the management and governance score as "vulnerable" or "highly vulnerable". Table 3 Management Assessment AREA OF INTEREST EXTREMELY STRONG OR VERY STRONG STRONG OR ADEQUATE VULNERABLE OR HIGHLY VULNERABLE Strategic Positioning Evidence of specific financial and operational goals with clear measures of achievement. A record of market leadership and of achieving financial and operational goals; successful relative to peers. Plans lack depth or specific financial or operational goals. A record of achieving most financial and operational goals. Limited evidence that plans exist. If there are plans, they are superficial. Strategy is inconsistent with the enterprise’s capabilities or market conditions. Abrupt or frequent changes in strategy, acquisitions, divestitures, or restructurings. Management often fails to achieve its financial or operational goals. Risk Management & Financial Management Management has successfully instituted policies and strategies that mitigate key operational and financial risks. Climate risk assessment is incorporated into planning and operations as a potential risk to the enterprise, if applicable. Management proactively adjusts rates, capital spending, operating costs, and cash management to meet or exceed financial forecasts; uses assumptions we consider reasonable in support of annual budgeting and financial forecasting; maintains multiyear financial forecast on a rolling basis that includes capital needs, justification for them and a summary of the most likely funding sources for such projects; maintains an adequate level of business interruption insurance or contingencies; and limits the enterprise’s debt profile to committed debt like fixed-rate bonds that have less exposure to renewal risks, interest-rate fluctuations, and unexpected acceleration. Management has set standards for operational performance that are achievable and similar to industry norms. Assessments that we consider strong or adequate fall short of the risk management and financial management practices detailed under an extremely strong or very strong assessment, while including few if any of the deficiencies or concerns included under a vulnerable or highly vulnerable assessment. Management lacks the wherewithal, discipline, or commitment to achieve set standards, or has low standards. Significant deferred maintenance issues exist. A history of actual results materially falling short of the budget. Management adjusts rates on a reactionary basis or is extremely deficient in adjusting rates when needed to ensure cash flow needs are met; makes assumptions we consider unrealistic or overly optimistic when budgeting; conducts little to no financial or capital planning; lacks a clear plan to address significant deferred maintenance issues; has no or inadequate level of business interruption insurance or contingencies; and has a debt profile that has a relatively high percentage of unhedged variable-rate debt, debt with acceleration features beyond those found in typical master trust indentures, or frequent access to the capital markets to roll over short-term debt. Organizational Effectiveness Management has considerable expertise, experience, and a record of success in operating all of its major lines of business. It has good depth and breadth across its major lines of business. Management has sufficient but unexceptional expertise and experience in operating its major lines of business. Its depth or breadth is limited in some areas. Management lacks the expertise and experience to fully understand and control its business. The enterprise often deviates significantly from its plans. The loss of key personnel would seriously affect the enterprise’s operations. e) Adjusting The Initial Enterprise Risk Profile Assessment 52. We combine the industry risk (20%), economic fundamentals (10%), market position (60%), and management/governance (10%) assessments to determine the initial enterprise risk profile assessment. Table 4 outlines examples of situations where we would generally adjust the initial enterprise risk profile assessment to arrive at the final enterprise risk profile assessment. On an exceptional basis, there may be additional situations we have not yet observed that could also result in an adjustment to the initial enterprise risk profile assessment. Table 4 Examples Of Adjustments To The Initial Enterprise Risk Profile Assessment IF THEN The organization implements aggressive policies and strategies or is operating in an increasingly competitive environment. Final enterprise risk profile assessment generally would be weaker relative to the initial enterprise risk profile assessment. Country risk assessment is ‘4’, ‘5’, or ‘6’. Enterprise risk profile assessment generally would be capped at ‘Adequate’, ‘Vulnerable’, or ‘Highly Vulnerable’, respectively. 53. In cases where an enterprise has what we consider an aggressive mission (i.e. expanding to areas not related to its core purpose) or expansion plans, or an increasingly competitive environment, and we believe as a result of these changes the TIE's enterprise risk profile assessment will weaken over time, we generally would negatively adjust the enterprise risk profile assessment in anticipation of the effect of these changes. 54. The relevant credit risks for not-for-profit infrastructure enterprises are also influenced by country-specific risks (see "Country Risk Assessments Methodology And Assumptions", published Nov. 19, 2013). Country risk is the risk an entity faces by having some of its operations or assets exposed to one or more countries. The country risk assessment is determined on a scale from '1' (very low risk) to '6' (very high risk). If the weighted average country risk assessment is '3' or better, there is generally no positive or negative impact. However, if the country risk assessment were to worsen to '4' or above, this could affect the enterprise risk profile assessment. Specifically, if the country risk assessment is '4', '5', or '6', the criteria generally assign an enterprise risk profile assessment of no better than "adequate", "vulnerable", or "highly vulnerable", respectively. 2. Financial Risk Profile Assessment 55. The financial risk profile assesses the financial strength of a TIE or project. Three factors are assessed as part of the initial financial risk profile assessment. The factors and their weightings are: Financial performance (55%); Debt and liabilities (35%); and Liquidity and financial flexibility (10%). a) Financial Performance (55% weighting) 56. The financial performance assessment reflects our expectation of the level of earnings and cash flow the enterprise or project will provide to service its debt. The criteria generally consider total debt service coverage (DSC) (see Appendix 2) to be the most important factor for assessing an enterprise's cash flow in cases where there is rate-setting flexibility (as is typical for airports, ports, toll roads, parking systems, and mass transit systems); and coverage of maximum annual debt service (MADS) in cases where there is very limited or no rate-setting flexibility (such as stand-alone PFC debt transactions). Coverage metrics capture an enterprise's financial health and ongoing ability to service its debt and other debt-like obligations. 57. Table 5 details the typical characteristics of a TIE at each of the six assessment levels. We typically base our assessment on total annual DSC. However, coverage of total MADS is usually considered in cases where we believe that rate-setting flexibility is severely constrained or nonexistent. If we consider the provider a break-even enterprise (see the glossary in Appendix 1), we could assign an assessment one level stronger than table 5 suggests because such providers typically maintain less volatile DSC ratios from operating on a cost recovery basis. However, in this example, we typically do not apply the adjustment if we believe the revenue pledge of the break-even enterprise is narrow. An example of a narrow pledge is a single toll bridge, parking garage, or stand-alone PFC debt. Table 5 Financial Performance Assessment EXTREMELY STRONG VERY STRONG STRONG ADEQUATE VULNERABLE HIGHLY VULNERABLE Coverage* >4.75x 4.75x-3x 3x-1.25x 1.25x-1.1x 1.1x-1x <1x *Refer to table 11 in Appendix 2 for details regarding our coverage calculation and Appendices 3-7 for credit metrics we typically consider when assessing an airport (i.e. GARBs. stand-alone PFC debt, and airport special facility project), port, toll road, mass transit system, and parking system. 58. In assessing financial performance, we may take additional considerations into account. These additional considerations could result in a financial performance assessment that is stronger or weaker than table 5 indicates. The magnitude of such adjustments is based on the preponderance of available information and our view of the relevance of these factors to the overall assessment, with smaller adjustments of one or two assessment levels generally being the case versus greater adjustments of three or more assessment levels. Below are some examples of the positive and negative factors we consider. Examples of positive considerations: A break-even enterprise (see the glossary in Appendix 1), such as an airport that adjusts landing fees and terminal rental rates on a fully residual basis. Good rate-setting flexibility, such as an airport or special facility passenger terminal with an airline cost structure we consider low on a per enplanement basis (as measured by cost per enplaned passenger (EPAX), defined in the glossary in Appendix 1). Examples of negative considerations: Single asset, volatile coverage, or narrow revenue stream, such as a single toll bridge, parking garage, or stand-alone PFC debt. Limited rate-setting flexibility, such as stand-alone PFC debt or an airport or special facility passenger terminal with an airline cost structure we consider high on a per enplanement basis. A debt service coverage covenant (also sometimes called a rate covenant) violation has occurred. A material increase or anticipated increase in required pension or other postemployment benefit (OPEB) costs. In making this assessment, we consider risk of acceleration of pension and OPEB payments and likelihood of budgetary stress due to the increase in such payments. Coverage we consider overstated as a result of debt with limited near-term amortization, such as often occurs with bullet maturity structures. b) Debt and Liabilities (35% weighting) 59. The debt and liabilities assessment measures the extent to which current and off-balance-sheet liabilities may affect an enterprise's debt servicing capability. In most cases, the criteria use one measure to evaluate the debt burden: the ratio of debt to net revenue, where net revenue typically refers to EBIDA (see the glossary in Appendix 1). The debt to net revenue ratio approximates how long would be needed to pay off all of an enterprise's debt based on its current or expected excess operating revenue capacity. Other secondary measures specific to an asset class may also be considered, such as debt per enplanement for an airport. 60. Table 6 provides debt to net revenue thresholds for TIEs at each of the six assessment levels. Similar to the financial performance assessment, the debt and liabilities assessment could be strengthened by one assessment level if we consider the provider a break-even enterprise. Table 6 Debt And Liabilities Assessment EXTREMELY STRONG VERY STRONG STRONG ADEQUATE VULNERABLE HIGHLY VULNERABLE Debt to net revenue (x)* <5 5-10 10-15 15-20 20-30 >30 *Refer to Appendices 3-7 for more details regarding our debt to net revenue calculation when assessing an airport (i.e., GARBs, stand-alone PFC debt, and airport special facility project), mass transit system, port, toll road, and parking system. For stand-alone PFC debt transactions, we use stand-alone PFC debt to annual PFC revenues. 61. In assessing debt and liabilities, we may take additional considerations into account. These additional considerations could result in a debt and liabilities assessment that is stronger or weaker than table 6 indicates. The magnitude of such adjustments is based on the preponderance of available information and our view of the relevance of these factors to the overall assessment, with smaller adjustments of one or two assessment levels generally being the case versus greater adjustments of three or more assessment levels. Below are some examples of positive and negative factors we consider. Examples of positive considerations: A break-even enterprise (see the glossary in Appendix 1), such as an airport that adjusts landing fees and terminal rental rates on a fully residual basis. Very limited or no additional debt needs. Facilities are relatively new (10 years old or less) and require what we consider to be minimal capital investments to maintain. Alternatively, capital requirements are limited because assets are operational, in good condition, and have sufficient capacity to accommodate growth. For airports, airport special facility passenger terminals, and stand-alone PFC debt specifically, we consider debt per enplanement to be low or expect it to become low relative to peers. Examples of negative considerations: Single asset or narrow revenue stream, such as a single toll bridge, parking garage, or stand-alone PFC debt. An enterprise has significant additional debt needs or a large capital improvement plan for which the funding plan is incomplete, and the magnitude, scope, and timing of such plan are not fully defined. More than 50% of debt is exposed to interest-rate changes and there is no compensating factor such as being hedged by swaps. An enterprise has large, unfunded defined-benefit pension plan and OPEB obligations. Our assessment includes a forward-looking view of funding requirements and management's plans to address such risks. We may make an adjustment if we consider these obligations sizable relative to the overall balance sheet and income statement. We believe a low pension funding ratio could signal elevated risks after incorporating the appropriateness of actuarial assumptions. Similarly, a negative adjustment is more likely to occur when pension contributions are not actuarially determined, based on weak actuarial methods, or when required contributions are not regularly funded. If the enterprise's pension and OPEB are reported as part of a larger general government, we generally assume the enterprise's funded ratio is the same, unless more specific information is available for the enterprise (e.g., we may use the city's pension funded ratio when assessing a city-owned and operated airport if there is no specific information available). For airports, airport special facility passenger terminals, or stand-alone PFC debt specifically, we consider debt per enplanement to be very high or expect it to become very high relative to peers. c) Liquidity and Financial Flexibility (10% weighting) 62. The liquidity and financial flexibility assessment measures how a TIE's sources of unrestricted reserves may affect its debt servicing capability. Unrestricted days' cash on hand reflects an entity's financial flexibility and capability to withstand operating challenges while still covering its operating expenditures. A higher days' cash ratio may also indicate greater resources available to fund other investment or debt service needs. Unrestricted reserves as a percent of total debt measures financial flexibility, and is a way to assess debt capacity and debt servicing ability. We assess each factor in table 7. 63. For airports, ports, toll roads, parking systems, and mass transit systems, we generally view unrestricted days' cash on hand as the more important of the two measures in table 7, which provides typical characteristics of TIEs at each of the six assessment levels. 64. For stand-alone PFC debt and airport special facility projects that have minimal operating or administrative expenses, we generally view unrestricted reserves to debt as the more important of the two measures in table 7. However, for airport special facility projects that have considerable operating expenses, we generally view the unrestricted days' cash on hand as the more important of the two measures in table 7. Table 7 Liquidity And Financial Flexibility Assessment EXTREMELY STRONG VERY STRONG STRONG ADEQUATE VULNERABLE HIGHLY VULNERABLE Unrestricted Days' Cash on Hand* >800 800-400 400-250 250-120 120-60 <60 Unrestricted Reserves to Debt (%)* >85 85-50 50-20 20-7.5 7.5-3.0 <3 *Refer to Appendices 3-7 for credit metrics we typically consider when assessing an airport (i.e., GARBs. stand-alone PFC debt, and airport special facility project), port, toll road, mass transit system, and parking system. 65. When assessing the liquidity position for a break-even enterprise (for example, an airport that adjusts landing fees and terminal rental rates on a fully residual basis), if the unrestricted days' cash on hand value has been relatively stable and falls near the endpoint between a weaker or stronger assessment, the stronger assessment generally is chosen because liquidity is typically lower for a break-even enterprise. For example, if the unrestricted days' cash on hand value for a break-even enterprise with a moderate likelihood of volatile activity levels is 120 days', we generally would consider the enterprise's liquidity position adequate instead of vulnerable. 66. In assessing liquidity and financial flexibility, we may take into account additional positive considerations (e.g., related government provides ongoing liquidity support or proven track record of access to funding sources throughout the business cycle) or negative considerations (e.g., plans to use cash reserves to fund capital requirements, or volatile operations). These additional considerations could result in a liquidity and financial flexibility assessment that is stronger or weaker than table 7 indicates. The magnitude of such adjustments is based on the preponderance of available information and our view of the relevance of these factors to the overall assessment, with smaller adjustments of one or two assessment levels generally being the case versus greater adjustments of three or more assessment levels. Examples of some of the negative factors we consider include: Contingent liquidity risks. As described in our criteria, "Contingent Liquidity Risks" (March 5, 2012), contingent liabilities correspond to explicit or implicit obligations that an entity may incur under certain circumstances. These risks could affect the entity's financial position if they materialize, and if they aren't offset by factors such as available liquidity or market access. Furthermore, contingent liabilities might arise from a series of smaller risks that, by themselves, may not otherwise appear material, but could cascade in magnitude as proximity to the trigger or timing becomes less remote. In situations where contingent liquidity risks are material and we believe are likely to be realized, we generally would worsen the liquidity and financial flexibility assessment. Reliance on lines of credit. While committed lines of credit can provide a good source of liquidity, to the extent they are renewable instruments, we consider available cash reserves to be a more reliable source of financial flexibility than committed lines of credit. Therefore, we would not typically assign a liquidity and financial flexibility assessment of "extremely strong" or "very strong" unless unrestricted reserves alone supported such assessment, without including lines of credit. d) Adjusting the Initial Financial Risk Profile Assessment 67. We combine the financial performance (55%), debt and liabilities (35%), and the liquidity and financial flexibility (10%) assessments to determine the initial financial risk profile assessment. Table 8 outlines where we would generally adjust the initial financial risk profile assessment to arrive at the final financial risk profile assessment. On an exceptional basis, there may be additional situations we haven't yet observed that could also result in an adjustment to the initial financial risk profile assessment. Table 8 Example Of Adjustment To The Initial Financial Risk Profile Assessment IF THEN Negative financial policies assessment, The financial risk profile assessment would generally be adjusted negatively by one assessment level. 68. The financial policies assessment, which can result in a neutral or negative influence on the overall financial risk profile assessment, consists of five sub-factors: Transparency and disclosure; Investment allocations and liquidity; Debt profile; Contingent liability principles; and Legal structure. 69. This assessment measures how a transportation infrastructure enterprise or project's financial management and policies have affected and are likely to affect its ability to service debt. When evaluating these five sub-factors, we rely on documentation provided by the entity, in addition to our periodic discussions with management. Relevant documents typically include audited financial statements, budget documents, financial forecasts, and various policy documents related to treasury and risk management. If two or more of the characteristics outlined in table 9 are identified as negative, the financial policies assessment is generally negative, and the overall financial risk profile assessment would typically be negatively adjusted by one assessment level. In addition, if any one characteristic outlined in table 9 is identified as negative and, if in our view, that characteristic poses a significant credit risk, then we generally would negatively adjust the overall financial risk profile assessment by one assessment level. 70. We believe that the financial policies assessment does not positively affect a rating, as good policies are reflected in results that are measured. For a TIE or project with a negative financial policies assessment, we would generally negatively adjust the financial risk profile by one assessment level to reflect the risk of weakening future performance. Table 9 Financial Policies Assessment AREA OF INTEREST NEGATIVE Transparency and Disclosure The audit of other forms of financial data is qualified or may be typically late (i.e., not published within a reasonable time frame following fiscal year-end). Investment Allocations and Liquidity If applicable, the entity’s investment management policy is more aggressive than its capabilities. The entity needs to access lines of credit regularly to meet working capital needs. Debt Profile Contingent liability debt is more than 50% of total debt or the debt structure primarily consists of unhedged variable-rate debt with maturities not well staggered. Contingent Liability Principles Liquidity is below the level of its potential liabilities under its contingent liability documents. The entity is reliant on swaps, with the total notional amount outstanding, including basis swaps, greater than 50% of long-term debt. Legal Structure The legal and security covenants may exclude--or have unusually favorable calculations for--one or more traditional covenant tests. 3. Overriding Factors And Caps 71. Certain conditions result in the SACP moving a specified number of notches above or below the anchor. Other conditions place a specific cap on the SACP. Examples of these factors are outlined in table 10. In cases when multiple overriding conditions exist, we would generally adjust the anchor by the net effect of those conditions. In those cases, we consider entity-level overriding conditions before we consider related government overriding conditions.

However, rating caps are absolute, meaning that positive relative adjustments, other than any holistic adjustment, do not allow ratings to exceed the cap. Depending on the severity of the condition, we could assign a rating below the cap. On an exceptional basis, there may be additional situations we have not yet observed, that could also result in rating overrides or caps. Table 10 Examples Of Overriding Factors To The Anchor OVERRIDING FACTOR/CAP*: THAT WOULD GENERALLY: ADDITIONAL COMMENTS CAP THE ANCHOR IN THE 'A' CATEGORY Related government has consistently very weak fund balance (e.g., available fund balance < negative 5% of general fund expenditures for the three most recently reported years). Significant and continuous withholdings or delay in payments by related government to support growing general obligation deficit or other evidence of continuous structural imbalance of the general government. CAP THE ANCHOR IN THE 'BBB' CATEGORY Related government has very weak cash (e.g., total government available cash (TGAC) as % of total governmental funds (TGF) expenditures =< 1%, or TGAC as % of TGF debt service < 40%) without external access to the market. Related government management demonstrates a lack of willingness to support obligations such as lease, appropriation, or moral obligation debt, receives going concern in most recent audit, or discussing bankruptcy. This cap can be lifted to the 'a' category if after one year of the condition there is no indication that the enterprise will be raided and removed completely if after two to three years of the condition there is no indication that the enterprise will be raided. CAP THE ANCHOR IN THE 'BB' CATEGORY Liquidity and financial flexibility assessed as 'highly vulnerable' and financial performance that is 'highly vulnerable' or trending toward 'highly vulnerable'. Credit is recovering from a financial crisis, emerging from recent bankruptcy, receivership, or with consultant oversight following an event of default including a covenant violation. This also applies to infrastructure providers with a going concern audit. Anchor generally capped in the 'bb' category until the organization or project achieves a resolution of its covenant defaults and reestablishes sustainable financial performance commensurate with a higher rating level. Related government in bankruptcy, receivership or there is an emergency manager due to bankruptcy concerns and there is uncertainty regarding any impact on the municipal enterprise or its debt as part of the recovery plan or a current lack of willingness to pay an unconditional debt obligation of the government, such as general obligations. This cap can be lifted to 'bbb' category if it is clear that the enterprise will not be raided and removed completely if after two to three years of the condition if there is continued on-time payment with no indication that the enterprise will be raided or bond payments impaired. CAP THE ANCHOR IN THE 'B' CATEGORY Active consideration of bankruptcy in the near term, or if there is a perceived change in the willingness to honor all long-term, legally-binding obligations in full on a timely basis. If the obligation is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation the rating would fall under our CCC criteria. Anchor would generally be up to two notches below that suggested by table 1 and capped in the 'b' category. Management demonstrates a lack of willingness or is unable to support debt or contingent liability obligations or we believe the enterprise or project may be considering bankruptcy or receivership filing. CAP THE ANCHOR AT THE RELATED GOVERNMENT'S CREDIT QUALITY Negative extraordinary intervention, such as significant cash stripping, diversion of resources from the enterprise for the benefit of the related government, or other actions by the related government that in our opinion demonstrate an ongoing lack of respect for the enterprise's ability to operate as a stand-alone enterprise. SACP and final ratings are reflective of the related government's credit quality. NOTCH THE ANCHOR UP TIE benefits from tax levies Anchor may be up to four notches higher than suggested by table 1. The number of notches is generally determined by a combination of: size and wealth of the tax district population to the extent that they differ from the economic fundamentals assessment, diversity of the tax base, growth rate of assessment base, significance of tax revenues to total revenues, capacity for increased tax levies (both legally and politically), and durability of the taxing authority. In general, higher notching benefits are applied to those TIEs with a strong and growing tax base and where there exists a willingness and ability to increase tax levies. NOTCH THE ANCHOR DOWN Management and Governance assessment is vulnerable or highly vulnerable. Anchor would generally be one to three notches lower than suggested by table 1 if we believe the enterprise profile assessment does not fully capture weak management and governance characteristics. Related government has a consistently low fund balance (e.g., available fund balance <1% of general fund expenditures in three most recent years and expectation to remain below such level). Anchor generally would be lowered by one notch for enterprise credits above ‘a+’. Lowered by two notches for credits if cash levels are very weak or low fund balances are expected to decline materially. Related government has a debt, pension, and other postemployment benefits (OPEB) burden that is considered very high, and management lacks a credible plan to address the situation. Anchor generally would be lowered by one notch for enterprise credits above ‘a+’. Lowered by two notches for credits if cash levels are very weak or low fund balances are expected to decline materially. Significant change in governance of transfers from municipal enterprise to related government, or related government has withheld funds or delayed payment to the enterprise to support a growing general obligation deficit. Anchor generally would be lowered by one notch for enterprise credits above ‘a+’ at the time of first change if no future changes are anticipated. Lowered by two notches for credits if additional significant changes are anticipated. *Depending on the severity of the condition, we could assign a rating below the cap. 72. Related government adjustments and caps do not apply if there is a legal or analytical basis for concluding that there is de minimis risk the related government will raid the enterprise (e.g., presence of statutory protections or judicial precedents within the jurisdiction). Use of the adjustments and caps may be considered unnecessary if the affected municipal enterprise has a broader customer base than the related government because from a policy perspective the related government may find it difficult to act when the transportation infrastructure enterprise serves customers outside the related government's jurisdiction. 73. An enterprise's rating may not be subject to related government caps or adjustments if there is no negative intervention or political interference and one or more of the following conditions is met: Most, if not all, of the enterprise's funds are federally restricted. The enterprise is governed and operates independently with no clear linkage to a related government that has an ability to impact the operations of the enterprise. The enterprise is owned and operated by two or more governments or a regional authority. The enterprise otherwise qualifies as a government-related entity. If so, we review government linkages under our Government-Related Entity criteria. 74. Related government caps generally would not apply to U.S. airports because funds of U.S. airports are federally restricted for only airport purposes. For the other assets classes--ports, toll roads, parking systems, and mass transit systems--the related government caps would typically apply. APPENDIX 1: GLOSSARY 75. Asset class.Under these criteria, asset class refers to an airport, airport special facility project, port, toll road or bridge, parking system, mass transit system, civic air navigation service provider, or a transportation infrastructure enterprise with a diverse mix of transportation infrastructure assets, like the Port Authority of New York and New Jersey. 76. ADC.Actuarially determined contribution. 77. Available liquidity.Typically consists of unrestricted cash, unrestricted short-term investments, and unrestricted long-term investments as reported in audited financials, net of contingent liabilities. Any reserve for which funds can be available for any purpose (not already included as part of unrestricted cash and investments) can also be included as well as any emergency and contingency funds, and other cash that may be designated in purpose but not restricted or earmarked for debt service, fiduciary purposes, asset retirement obligations, or capital improvements. The debt service reserve, which is restricted, would not be included. External liquidity sources may also be included. More specifically, undrawn portions of committed credit facilities maturing beyond the next 12 months could be included. If covenants are present, we include only the portion of committed credit facilities that we estimate is available without a covenant breach. Committed credit facilities contractually exclusive for specific purposes, such as interim funding for capital needs, are excluded. Undrawn portions of committed short-term bank credit facilities that we believe will be used to meet working capital uses or short-term debt maturities such as commercial paper are included. Advances or promises from highly rated entities that function similar to lines of credit for working capital purposes may be counted as part of available liquidity. For stand-alone PFC bonds, available liquidity refers to a U.S. airport's PFC fund balance. For airport special facility projects, it refers to reserves available to the project. 78. Break-even enterprise.Break-even enterprise has multiple meanings: (1) An enterprise or project whereby fees, charges, and rents, which make up the bulk of the entity's operating revenue, are paid by key tenants or users of the entity's facilities on a fully residual basis. For airports, this would refer to landing fees and terminal rents paid by the airlines. Some examples of enterprises we would not consider fully residual are airports that employ a hybrid or compensatory rate-setting methodology. (2) A contractual framework whereby revenue securing the debt under consideration are produced on a residual cost recovery basis, including an unlimited step-up provision for the sharing of capital and operating expenses among key users of the enterprise or facility. (3) An enterprise or project where all or most excess revenue available, after meeting all required funding requirements of the enterprise or project, is transferred out to a city, county, state, province, or other party. 79. CFC.Customer facility charge is a user fee imposed by an airport operator on each rental car user that is collected by rental car companies. 80. Compensatory.A rate-setting methodology employed under the airline use-and-lease agreement in the U.S., whereby the airport operator must budget conservatively enough to ensure that the revenue from the airport are sufficient to cover all obligations if demand is lower than expected. 81. Connecting enplanements.Refers to transfer passengers, boarding an airplane at an airport that is different from the one they began or will end their trip at. 82. Contingent liabilities.Refers to any debt obligations, derivative agreements or other exposures for which we consider the draws on an enterprise's cash reserves likely. 83. Cost per EPAX.Passenger airline revenue divided by number of EPAX. Cost per EPAX is an approximate measure of an airport's airline cost structure (i.e. how much it costs approximately for an airline to operate at a particular airport). 84. Coverage.See Appendix 2. 85. Debt.Current and long-term portion of bonds payable for an enterprise or project as reported in audited financials for such enterprise or project. Debt also includes any other obligations that we consider debt-like, whereby revenue of the enterprise or project are intended to service it. Commercial paper, notes payable, or outstanding balances on lines of credit (or some other arrangement that functions similar to lines of credit) of the enterprise or project are also counted as debt. Debt does not include accounting adjustments for unamortized bonds premium, discount, and deferred refunding charge. Debt may be adjusted for certain money held in reserve for repayment (e.g. trustee-held sinking fund deposits for non-amortizing debt) exclusive of debt service reserves. 86. Debt per EPAX.GARB debt divided by EPAX if a GARB rating is being considered, and stand-alone PFC debt divided by EPAX if a stand-alone PFC debt rating is being considered. 87. Debt to net revenue.Debt divided by net revenue, whereby net revenue typically refers to EBIDA. For stand-alone PFC transactions, the ratio is stand-alone PFC debt to annual PFC revenue. In instances where predictable, recurring non-operating revenue is available for debt service or operations, which is typically the case for airports with double-barreled GARB debt and for mass transit enterprises, the ratio is debt divided by the summation of EBIDA and such non-operating revenue. 88. Double-barreled GARB Debt.GARB debt paid from general airport revenue and other recurring sources of revenue (such as PFC revenue for U.S. airports). 89. DSC.Debt service coverage. See Appendix 2 for more details. 90. EBIDA.Earnings before interest, depreciation, and amortization. If applicable, EBIDA would be further adjusted to exclude other noncash expenses. 91. Enplaned passenger or enplanement.A passenger boarding an aircraft. 92. EPAX.Total enplaned passengers or enplaned passengers, or the sum of passengers on departing flights at an airport. In cases where a TIE consists of more than one major commercial airport, this figure represents the TIE's combined EPAX. 93. Farebox recovery ratio (FRR) The ratio of farebox revenue divided by annual operating expenses before depreciation and amortization. For purposes of this ratio, S&P; Global Ratings includes any revenue where there is flexibility to increase rates. 94. Fully residual.A rate-setting methodology employed under contractual arrangement (such as an airline use-and-lease agreement at an airport), whereby key tenants and users collectively assume financial risk by ensuring payment of all enterprise costs that nontenant and user sources (such as nonairline revenue for an airport) do not cover, ensuring the satisfaction of rate covenant coverage requirements. 95. GARB.General airport revenue bond. 96. GARB debt.Total GARB debt, excluding stand-alone PFC debt, special facility debt, and GO debt. GARB debt includes double-barreled GARB debt. GARB debt includes short-term debt and commercial paper if it is a relatively permanent part of the capital structure or will eventually be taken out with GARB debt. GARB debt includes GO debt or other non-GARB debt if airport revenue is intended to cover the debt service for such debt. GARB debt, similar to the general definition for debt, does not include accounting adjustments for unamortized bonds premium, discount, and deferred refunding charge. 97. GO debt.General obligation (GO) debt of a TIE's affiliated government that is legally secured by ad valorem tax revenue of such affiliated government. 98. Hybrid.A rate-setting methodology employed under the airline use-and-lease agreement in the U.S., whereby an airport uses both residual and compensatory methodologies. In most cases, an airport sets rates on the airfield using a residual approach, while setting rates on the land side using a compensatory approach. 99. ICR.Issuer credit rating. 100. MADS.Maximum annual debt service. The greatest annual debt service, including the principal and interest payments for all obligations. 101. O&D.Origin-Destination.; 102. O&D; enplanements.Refers to enplanements related to passengers that either begin or end their trip at an airport. 103. O&D; EPAX %.O&D; enplanements divided by EPAX multiplied by 100. 104. OPEB.Other postemployment benefits. 105. Passenger airline revenue.Operating revenue strictly from passenger airline carriers, excluding revenue from cargo carriers. 106. PFC.Passenger facility charge is part of the U.S. federal PFC program, which allows the collection of PFC fees up to $4.50 for every enplaned passenger at commercial airports controlled by public agencies. Airports use these fees to fund federally approved projects. Most U.S. airports are already levying at the $4.50 PFC cap. An increase would require congressional approval. 107. Related government.A city, county, state, or province that can exercise control over a municipal enterprise. 108. SACP.Stand-alone credit profile. 109. Special facility debt.Debt solely and legally secured by revenue generated by services provided by a special facility project. 110. Stand-alone PFC debt.Debt solely and legally secured by PFC revenue. GARB debt paid from PFC revenue is not considered stand-alone PFC debt. Such debt is considered double-barreled GARB debt. 111. S&P; Global Ratings-adjusted annual operating expenses.Total annual operating expenses as reported on the audited income statement for the enterprise or project, minus amortization, depreciation, and other noncash expenses. 112. TIE.Transportation infrastructure enterprise. Entities with operations that commonly include airports, parking, ports, toll roads, and mass transits as well as debt secured by specific revenue streams from an airport's special facility project (such as a consolidated rental car facility or a fuel facility), debt solely secured by passenger facility charge revenue (which is specific to airports in the U.S.), and user charges from civic air navigation service providers. TIEs generally do not include entities that operate primarily for recreational purposes. 113. Unrestricted days' cash on hand.Available liquidity divided by S&P; Global Ratings-adjusted annual operating expenses, then multiplying the result by 365 days. 114. Unrestricted reserves to debt.Available liquidity divided by debt outstanding. 115. Unrestricted reserves.Available liquidity. APPENDIX 2: COVERAGE 116. The term "coverage" refers to total annual debt service coverage (DSC) if rate-setting flexibility exists or total maximum annual debt service (MADS) coverage if there is no or very limited rate setting flexibility. It is intended to capture an enterprise's true financial health. Regardless of where in the flow of funds the payment of operating and maintenance expenses occurs or how coverage is calculated for achieving rate covenant compliance, we calculate coverage the same way, by first adding up total operating revenue, interest income, other committed recurring revenue sources (limited to what obligations the denominator refers to), and net transfer out (added back if we consider it debt-like and it is included as part of total operating expenses). We next subtract total operation and maintenance (O&M;) expenses, other recurring charges, and net transfers out (if not included as part of total operating expenses and we consider it O&M; expense-like). Finally, we divide the result from the first two steps by the summation of the annual revenue bond debt service requirement, other recurring obligations paid by enterprise or project revenue, and net transfers out we consider debt-like. Table 11 details the coverage calculation. Table 11 Coverage Calculation Detail* FIRST, WE ADD ITEMS 1-4 1: Total operating revenues, 2: Interest income, 3: Other committed recurring revenue sources, and 4: Net transfer out (added back if included as part of total operating expenses and we consider it debt-like). SECOND, WE SUBTRACT ITEMS 5-7 FROM THE RESULT COMPUTED FROM THE STEP ABOVE. 5: Total operation and maintenance (O&M;) expenses, 6: Other recurring charges, and 7: Net transfers out (if not included as part of total operating expenses and we consider it O&M; expense-like). FINALLY, WE DIVIDE THE RESULT FROM THE FIRST TWO STEPS BY THE SUM OF ITEMS 8-10. 8: Annual revenue bond debt service requirement for all debt obligations with no debt service offsets, 9: Other recurring obligations paid by enterprise or project revenues, and 10: Net transfers out we consider debt-like. *For stand-alone PFC debt transactions the coverage calculation is annual PFC revenues divided by PFC MADS, if there is no rate-setting flexibility, and by annual PFC debt service, if rate-setting flexibility exists. 117. Examples of items typically excluded or discounted from our coverage calculation are: Excluded: Available fund balances such as coverage accounts or rate stabilization funds that are allowed for achieving rate covenant compliance. Excess revenue accumulated or available from the prior year. Excluded: Non-cash items, like depreciation. Excluded: Transfers out that are paid from bond proceeds, whereby the TIE is reimbursing a city, country, state, or province for project costs incurred that are eligible for such reimbursement from said bond proceeds. In this case, the transfer out is excluded from our coverage calculation. The related debt service and principal outstanding, however, for such bonds used to pay such reimbursements are included when assessing the TIE's financial performance; debt and liabilities; and liquidity and financial flexibility assessments. However, we include transfers out in our coverage calculation if such transfers are paid from bond proceeds and we consider them O&M; expense-like. Excluded: O&M; expenses paid directly by another party, such as a city, county, state agency, or province whereby the enterprise or project is not expected or required to reimburse such party for paying for said expenses. Excluded or discounted: Material changes in revenue or expenses that are attributed to an exceptional one-time event. Examples of one-time events include enterprise using cash to pre-pay principal due in one year, lowering the debt service in that year, insurance proceeds, preservation expenses (for toll roads using the modified approach for reporting infrastructure assets), or a settlement from a lawsuit. Depending on the situation, such one-time spikes or drops in revenue or expenses are excluded or discounted to a level comparable with historical or routine levels. Excluded: Capital contributions are typically excluded. However, all or a portion of capital contributions may be included if they are used for paying debt service, are recurring, and are predictable. 118. Examples of analytical adjustments we typically make in our coverage calculation: Item 3: If recurring revenue sources committed to debt service exceed the annual debt service amount, we only include an amount equal to the annual debt service amount unless such recurring revenue can also be used for any of an enterprise's debt service since our coverage calculation can consist of a mix of revenue in the numerator and a mix of bonds in the denominator for which certain revenue can only be legally applied to the specific debt service for certain bonds. For example, consider an airport that has two sets of bonds outstanding: one set consists of GARBs issued to fund non-PFC eligible projects and the other set of GARBs was issued to fund PFC-eligible projects. The aggregate annual debt service for the first set of GARBs is $100 and the aggregate annual debt service for the second set of GARBs is $50. The airport collects $65 of PFCs a year, of which all is available to commit for paying the $50 of PFC-eligible GARB debt service. Our denominator in our coverage calculation includes the debt service for both sets of GARBs. As a result, we only include $50 of the $65 of PFCs in the numerator when calculating coverage. If all of the airport's debt service in this example referred to PFC-eligible GARB debt service we might include all of the committed PFCs available. Items 3 and 8: Recurring revenue sources that are committed to debt service or used to offset debt service are included in the numerator regardless of whether or not it is used as an offset to debt service. Examples are passenger facility charge revenue committed to pay or offset a portion of a U.S. airport's GARB debt service and customer facility charge revenue committed to pay or offset a portion of a U.S. airport's GARB debt service. Letter of intent grant receipts may also be included if we consider them a reliable and recurring revenue source. Item 5: Operating expenses items shown on the income statement that are cash items, but paid from cash reserves are included in our coverage calculation. Item 6: Other expenses that must be paid to ensure the continuation of services needed to sufficiently operate the enterprise (i.e. other recurring charges) are included in our coverage calculation. Item 7: If not already included as an O&M; expenses item, transfers that are recurring (typically monthly) in the form of reimbursements to a city, county, state, or province for administrative or other services needed to sufficiently operate the enterprise are included in our coverage calculation and treated like an added O&M; expense item. Item 8: If applicable, debt service is net of capitalized interest. Debt service payments that can be deferred in case enterprise or project revenue are insufficient are included in our coverage calculation regardless. Maximum annual debt service for all obligations are used in place of annual debt service for all obligations if there exists no or very little rate-setting flexibility. Short-term principal payments are only included if retired with current funds, as opposed to through the issuance of additional debt or commercial paper. Swap interest payments are included. Item 9: Other recurring obligations, such as scheduled swap payments are included in our coverage calculation. Item 10: Transfers that are recurring (typically monthly) in the form of required reimbursements or payments to a city, county, state, or other party for a loan or other obligations issued by such party or if such recurring transfers, if not made annually, would need to be paid in the next year with interest are included in our coverage calculation and treated debt-like, increasing enterprises debt service. If such transfers are shown as an operating expense item on the income statement, we add it back to the numerator, since we add it to the denominator in our calculation. Items 4, 7, and 10: Conditional transfers out that only occur if excess revenue are available to transfer after meeting all required annual funding needs of the enterprise or project are included in our coverage calculation. If it is not clear if such conditional transfers are O&M; expense-like or debt-like we treat them as debt-like. Refer to part (3) of break-even enterprise definition. APPENDIX 3: AIRPORT CREDIT METRICS 119. Credit metrics we typically consider when assessing an airport (i.e. GARBs), stand-alone PFC debt, or airport special facility project. Table 12 Airport Credit Metrics And Other Considerations CREDIT FACTOR CREDIT METRICS TYPICALLY CONSIDERED GARB Market Position Total enplanements. Origin-destination (O&D;) enplanements. Connecting enplanements. Cost per EPAX. Top airline carrier (as a percentage of enplanements or total operating revenues). Include all of top carrier's service offerings (mainline, commuter, and regional affiliates). Tax revenues as a percentage of total revenues. Management and Governance Status and terms of key agreements, such as airline use and lease agreements that materially influence an airport's financial performance. If applicable, effectiveness of minimum annual guarantee provisions in key agreements are also considered. Willingness and ability to enforce and adhere to the terms of such agreements. Financial Performance: Coverage See Appendix 2 for guidance on coverage. Debt and Liabilities: Debt to net revenue Total GARB debt divided by EBIDA or divided by net revenue if total GARB debt includes double-barreled GARB debt. See the glossary for more guidance. Debt and Liabilities: Debt per EPAX Total GARB debt divided by EPAX. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Available liquidity divided by S&P; Global Ratings' adjusted annual operating expenses, then multiplying result by 365 days. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by total GARB debt. See the glossary for more guidance. STAND-ALONE PFC Market Position Same as for GARBs above, plus PFC rate, if rate-setting flexibility exists. Management and Governance Status and terms of key agreements. Willingness and ability to comply with FAA's record of decision, which details projects that can be funded with PFC revenues. Financial Performance: Coverage PFC MADS coverage if there is no rate-setting flexibility. Annual PFC coverage if rate setting-flexibility exists. See Appendix 2 for more guidance on coverage. Debt and Liabilities: Debt to revenue Stand-alone PFC debt divided by annual PFC revenue. See the glossary for more guidance. Debt and Liabilities: Debt per EPAX Stand-alone PFC Debt divided by EPAX. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Not applicable. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by total stand-alone PFC debt. See the glossary for more guidance. AIRPORT SPECIAL FACILITY PROJECT Market Position Project's market share at the airport it serves. Cost per EPAX, if a passenger terminal. Customer facility charge rate, if a consolidated rental car facility. Enplanements and O&D; enplanements. Rental car transaction days if a consolidated rental car facility. Gallons of fuel consumed, if a fuel facility. Cargo tonnage, if a cargo facility. Top tenant or customer (as a percentage of facility revenues or activity levels). Tax revenues as a percentage of total revenues. Management and Governance Status and terms of key agreements that materially influence special facility project's financial performance, including use and lease agreements with major airline tenant(s) for passenger or air cargo terminal. Effectiveness of minimum annual guarantee provisions, if present, and willingness and ability to enforce and adhere to the terms of such agreements. Financial Performance: Coverage Project's MADS coverage if project has no rate-setting flexibility. Annual debt service coverage if project has rate-setting flexibility. See Appendix 2 for more guidance on coverage. Debt and Liabilities: Debt to net revenue Project's debt divided by project's EBIDA. See the glossary for more guidance. Debt and Liabilities: Debt per EPAX, if applicable Project's debt divided by EPAX if facility is a passenger terminal. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Project's available liquidity divided by S&P; Global Ratings' adjusted annual operating expenses, then multiplying result by 365 days. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by project's total debt. See the glossary for more guidance. APPENDIX 4: PARKING CREDIT METRICS 120.

Credit metrics we typically consider when assessing a parking system. Table 13 Parking Credit Metrics And Other Considerations CREDIT FACTOR CREDIT METRICS TYPICALLY CONSIDERED Market Position Meter rates, average. 24 hour parking rates, average. Parking system's market share in service area, if available. Number of metered or on-street spaces (typically transient spaces). Number of off-street spaces (typically from garages or surface lots). Number of garages. Number of surface lots. Number of total parking spaces. Off-street parking spaces utilization rate, if available. Metered or on-street spaces utilization rate, if available. Waiting list(s) for spaces, if available. Monthly users (as a percentage of parking revenue). Transient users (as a percentage of parking revenue). Spaces used under long-term contracts (as a percentage of parking revenue). Tax revenues as a percentage of total revenues. Management and Governance Status and terms of key agreements, including for usage of parking spaces by key municipal or corporate customer(s). Willingness and ability to enforce and adhere to terms of such contracts. Financial Performance: Coverage See Appendix 2 for guidance on coverage. Debt and Liabilities: Debt to net revenue Debt divided by EBIDA. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Available liquidity divided by S&P; Global Ratings' adjusted annual operating expenses, then multiplying result by 365 days. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by debt. See the glossary for more guidance. APPENDIX 5: PORT CREDIT METRICS 121. Credit metrics we typically consider when assessing a port facility. Table 14 Port Credit Metrics And Other Considerations CREDIT FACTOR CREDIT METRICS TYPICALLY CONSIDERED Market Position Cargo tonnage, if applicable. Containers, if applicable. Cruise passengers, if applicable. Top commodity, if niche port. Multimodal capabilities. Tariffs. Containers (as a percentage of total operating revenue). Cruise ships (as a percentage of total operating revenue). Imports (as a percentage of total tonnage or total operating revenues). Top commodity (as a percentage of total tonnage or total operating revenue). Rental income (as a percentage of total operating revenue). Top shipping company (as a percentage of total operating revenue). Tax revenues as a percentage of total revenues. Management and Governance Status and terms of key agreements and, if applicable, effectiveness of minimal annual guarantee provisions. Willingness and ability to enforce and adhere to terms of such agreements. Financial Performance: Coverage See Appendix 2 for guidance on coverage. Debt and Liabilities: Debt to net revenue Debt divided by EBIDA. See glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Available liquidity divided by S&P; Global Ratings adjusted annual operating expenses, then multiplying result by 365 days. See glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by debt. See glossary for more guidance. APPENDIX 6: TOLL ROAD CREDIT METRICS 122. Credit metrics we typically consider when assessing toll facilities. Table 15 Toll Road Credit Metrics And Other Considerations CREDIT FACTOR CREDIT METRICS TYPICALLY CONSIDERED Market Position Transactions. Passenger cars (as of percentage of total transactions or toll revenue). Commercial vehicles (as of percentage of total transactions or toll revenue). Commuters (as a percentage of transactions or toll revenue). Discretionary users (as a percentage of transactions or toll revenue). Electronic transactions (as of percentage of total transactions or toll revenue). Top toll facility (as of percentage of total transactions or toll revenue), if system. Passenger car toll rate – cash. Passenger car toll rate – electronic. Commercial vehicle toll rate – cash. Commercial vehicle toll rate – electronic. Cost per mile – cash. Cost per mile – electronic. Tax revenues as a percentage of total revenues. Management and Governance Status and terms of key agreements including concessions, and effectiveness of mechanisms to mitigate volume, revenue, and other risks. Willingness and ability to enforce and adhere to terms of such agreements. Financial Performance: Coverage See Appendix 2 for guidance on coverage. Debt and Liabilities: Debt to net revenue Debt divided by EBIDA. See glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Available liquidity divided by S&P; Global Ratings' adjusted annual operating expenses, then multiplying result by 365 days. See glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by Debt. See glossary for more guidance. APPENDIX 7: MASS TRANSIT SYSTEM CREDIT METRICS 123. Credit metrics we typically consider when assessing mass transit systems. Table 16 Mass Transit Credit Metrics And Other Considerations CREDIT FACTOR CREDIT METRICS TYPICALLY CONSIDERED Market Position Total ridership by services offerings (e.g. rail, bus, ferry, etc.). Percentage of commuters who take public transportation in the TIE's service area. Number of routes. Percentage of service area's total public transit ridership served by mass transit system. Fare structure. Farebox recovery ratio. Tax revenues as a percent of total revenues. Management and Governance Status and terms of key agreements, such as labor contracts. Willingness and ability to enforce and adhere to terms of such contracts. Financial Performance: Coverage See Appendix 2 for guidance on coverage. Debt and Liabilities: Debt to net revenue Debt divided by net revenue. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted days' cash on hand Available liquidity divided by S&P; Global Ratings' adjusted annual operating expenses, then multiplying the result by 365 days. See the glossary for more guidance. Liquidity and Financial Flexibility: Unrestricted reserves to debt Available liquidity divided by debt. See the glossary for more guidance. REVISIONS AND UPDATES This article was originally published on Nov. 2, 2020. The criteria became effective upon publication. Changes introduced after original publication: On Jan. 28, 2022, we republished this criteria article to make nonmaterial changes. We corrected the description of the ratio in table 6. In paragraph 24, we clarified that debt issued by state transportation agencies may be secured by more than a pledge of federal grants. In paragraph 46, we provided an example of a positive consideration. In paragraph 71, we clarified the order in which overriding factors and caps are considered. In paragraph 87, we clarified the definition of debt to net revenues for certain airports. In table 2, we clarified that the level of political support is a general consideration applicable to all asset classes. In table 10, we clarified that we may adjust for instances in which a TIE benefits from a tax levy, not only when it is levying the tax. In appendixes 3-6, we added examples of a metric we consider under the market position assessment. We also updated contact information and references to related criteria and research, and we deleted text related to the original publication that was no longer relevant. On Dec. 16, 2022, we republished this criteria article to make nonmaterial changes to update related criteria and research references. RELATED PUBLICATIONS Fully superseded criteria U.S. And Canadian Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions, March 12, 2018 Mass Transit Enterprise Ratings: Methodology And Assumptions, Dec. 18, 2013 Related criteria Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021 Group Rating Methodology, July 1, 2019 Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015 General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015 Methodology: Master Limited Partnerships And General Partnerships, Sept. 22, 2014 Methodology: Industry Risk, Nov. 19, 2013 Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013 Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions, Nov. 19, 2013 Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012 Federal Future Flow Securitization, March 12, 2012 Contingent Liquidity Risks In U.S. Public Finance Instruments: Methodology And Assumptions, March 5, 2012 Methodology: Definitions And Related Analytic Practices For Covenant And Payment Provisions In U.S. Public Finance Revenue Obligations, Nov. 29, 2011 Methodology: Rating Approach To Obligations With Multiple Revenue Streams, Nov. 29, 2011 Principles Of Credit Ratings, Feb. 16, 2011 Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010 Rating U.S. Federal Transportation Grant-Secured Obligations, May 29, 2009 Methodology: Criteria For Determining Transfer And Convertibility Assessments, May 18, 2009 Assessing Construction Risk, June 22, 2007 Related sector and industry variables reports Sector And Industry Variables: Sovereign Rating Methodology, Sept. 28, 2022 Related research Country Risk Assessments Update: March 2022, March 4, 2022 Industry Risk Assessments Update: Jan. 27, 2021