

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's Assigns Aaa to TriMet's (OR) \$94M Senior Lien Payroll Tax Bonds Series 2017A; Outlook Stable**

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Global Credit Research - 26 Jan 2017

New York, January 26, 2017 -- Issue: Senior Lien Payroll Tax Revenue Bonds, Series 2017A; Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$93,570,000; Expected Sale Date: 02/08/2017; Rating Description: Special Tax: Transportation-Related;

#### Summary Rating Rationale

Moody's Investors Service has assigned a Aaa rating to Tri-County Metropolitan Transportation District of Oregon's (TriMet) \$93.6 million Senior Lien Payroll Tax Revenue Bonds, Series 2017A. The bonds are expected to price on February 8.

The Aaa rating reflects the robust economic growth in the TriMet service area, along with TriMet's strong management of operations and capital projects. The rating also incorporates TriMet's notably strong legal provisions that include a four times additional bonds test (ABT), the highest in the tax-backed transit sector; trustee intercept of pledged revenues, which insulates bondholders from possible operating stress; and weekly set asides of pledged revenues. Other rating considerations include the strength of the gross senior lien pledge of state in-lieu payments and payroll and self-employment taxes collected in the "Tri-County" area of Oregon, and TriMet's future debt plans.

#### Rating Outlook

The stable outlook reflects our expectation that debt service coverage will remain sound despite future borrowing.

#### Factors that Could Lead to an Upgrade

Not applicable

#### Factors that Could Lead to a Downgrade

Lower debt service coverage resulting from economic weakness or aggressive issuance of new debt absent new revenue sources

Legislative changes that adversely affect the enacted payroll tax increases

#### Legal Security

The bonds are secured by a gross pledge of payroll and self-employment tax receipts levied in the Tri-County area. Starting in fiscal 2010, the pledged revenues were expanded to include payments in-lieu of taxes made by the state on behalf of its employees in the Tri-County area, which account for less than 1% of pledged revenues.

#### Use of Proceeds

The 2017A bonds will mainly finance bus replacements as well as other various capital projects.

#### Obligor Profile

TriMet provides public transportation services in the City of Portland metropolitan area with a total estimated population of 1.6 million or 39% of the state's total population. TriMet is one of the most heavily utilized systems in the transit sector. The service area encompasses a 533 square mile area within the counties of Multnomah, Washington and Clackamas. Transportation services provided by TriMet include bus service, streetcar, light rail (also known as the Metropolitan Area Express or MAX), and commuter rail or the Westside Express Service (WES). There are approximately 100 million annual boardings, with 323,000 trips taken each weekday.

## Methodology

The principal methodology used in this rating was the US Public Finance Special Tax Methodology published in January 2014. Please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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