New York, February 04, 2020 -- Moody's Investors Service has upgraded the rating on the Delaware River Port Authority, PA's (DRPA) outstanding revenue bonds to A1 from A2 and the rating on its outstanding Port District Project (PDP) bonds to Baa1 from Baa2. The outlook was changed to stable from positive. Total outstanding debt is around $1.23 billion.

RATING RATIONALE

The rating upgrade was prompted by DRPA's solid metrics in fiscal year 2018 and expected for 2019 despite a slow down in traffic growth experienced over the last 24 months. In fiscal year 2018 total transactions increased by just 0.7% and year-to-date September 2019 traffic volumes declined slightly by 0.6% from the same period last year.

Moody's projects that management will continue to maintain a tight control over costs even in a more stable growth environment which should support a bond ordinance DSCR of around 2.0x (2.21 in fiscal year 2018), a Moody's senior net revenue DSCR of around 1.75x (1.97x in fiscal year 2018) and a total DSCR of at least 1.5x (1.69x in fiscal year 2018).

Liquidity has started to decline slightly as 2018 bond proceeds are being used to fund a 5 -year capital plan for 2020-2024 of $810 million. Days cash on hand in fiscal year 2018 declined to around 1,230 including the 2018 bond proceeds (576 days excluding the bond proceeds) from 1,444 days cash on hand in fiscal year 2017. Moody's expects that cash will continue to deplete in the next 12-24 months as no new debt issuances or toll rate increases are planned in the near term and capex will be funded from operating cash flow generation and existing liquidity reserves. However, days cash on hand should remain well above 500 days in the next few years.

The A1 rating also considers the mature service area in the Philadelphia metro area, no toll rate increases or debt issuance planned in the next 24 months, the use of bridge toll revenue to subsidize operating losses at the PATCO transit system, as well the risk as a bi-state agency that PA and NJ board members might focus on competing priorities. We note that toll rates have been last increased in 2011 and certain nearby crossings of other agencies have recently increased tolls in 2019, which provides some flexibility to implement future toll rate increases, if necessary.

The Baa1 rating on the PDP bonds reflects the lack of a lien on a specific revenue stream and lack of a rate covenant. The PDP bonds benefit from a fully funded debt service reserve fund similar to the A1 rated revenue bonds.

RATING OUTLOOK

The stable outlook reflects Moody's expectation that DRPA will maintain a bond ordinance DSCR of around 2.0x, a Moody's senior net revenue DSCR of around 1.75x, a total DSCR of at least 1.5x, and days cash on hand above 500 days.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Significant increases in traffic volumes and revenues that lead to Moody's senior net revenue DSCR above 2.5x and Moody's total DSCR above 2.0x for a sustained period of time

- Stable liquidity profile while maintaining asset conditions and continuing with scheduled capital expenditure improvements

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Modestly declining traffic volumes and revenues or increased expenditure pressure that lead to Moody's senior net revenue DSCR below 1.6x and Moody's total DSCR below 1.4x for a sustained period of time

- Material deterioration in liquidity profile with cash on hand falling below 500 days

LEGAL SECURITY

The senior lien revenue bonds are payable from a senior lien on net revenues. The bonds are backed by a debt service reserve fund (DSRF) sized at the lesser of maximum annual debt service (MADS) or 125% of average annual debt service. The revenue bond rate covenant is equal to the greater of 1) 105% of the debt service requirement of all revenue bonds plus required DSRF deposits, Maintenance Reserve Fund deposits and PATCO subsidies for a given fiscal year and 2) 120% of the debt service requirement for all revenue bonds.

DRPA's PDP bonds are general corporate obligations of the authority, payable from all legally available revenues after payments on the authority's revenue bonds. They are backed by a cash-funded debt service reserve equal to the lesser of maximum annual debt service, 125% of average annual debt service, or 10% of the bond proceeds. The 1999 PDP bonds will fully amortize by January 1, 2021.

PROFILE
The Delaware River Port Authority (DRPA) owns and operates a small regional network of four bridges crossing the Delaware river in the greater Philadelphia metropolitan area: Benjamin Franklin Bridge, Commodore Barry Bridge, Walt Whitman Bridge, and Betsy Ross Bridge. Bridge tolls generate close to 90% of the authority’s operating revenue. DRPA also owns a rapid transit line which runs between Philadelphia and Lindenwold, New Jersey through its wholly-owned subsidiary, the Port Authority Transit Corporation (PATCO). In 2018, the authority generated operating revenues of $372 million.

METHODOLOGY

The principal methodology used in these ratings was Publicly Managed Toll Roads and Parking Facilities published in March 2019. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody’s rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider’s credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

Kathrin Heitmann
Lead Analyst
Project Finance
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Kurt Krummenacker
Additional Contact
Project Finance
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653
MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY
FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from $1,000 to approximately $2,700,000. MCO and Moody's investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY125,000 to approximately JPY250,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.