

03/31/14  
Bond Buyer  
By Richard Williamson

### **NTTA Readies \$100M Remarketing**

DALLAS - The North Texas Tollway Authority plans to remarket \$100 million of variable rated debt because a letter of credit for the 2011 bonds is set to expire in July.

The toll agency expects to remarket the bonds on April 9 through negotiation with senior manager RBC Capital Markets and co-manager Loop Capital Markets.

Ron Davis, senior vice president at First Southwest Co., is financial advisor. Attorney Greg Schaecher at McCall, Parkhurst & Horton serves as bond counsel with co-bond counsel Bill Mahomes and Steve Bolden of Mahomes & Bolden.

The 2011A variable rate bonds are being remarketed as SIFMA index floating rate bonds, or "soft put" bonds without liquidity support. A failed conversion and remarketing does not constitute an event of default, but instead results in an interest rate stepped up to a maximum of 10%.

With this deal, NTTA will have \$417 million of 'soft-put' bonds with staggered maturities of 2016, 2019 and an expected 2020.

"We see the remarketing risk as manageable given the issuer's proven market access, strong liquidity, and the ability to afford the higher interest rate on these series, if necessary," said Moody's Investors Service analyst Maria Matesanz. Moody's rates the bonds A2.

Standard & Poor's rates the debt A-minus with a stable outlook.

NTTA has \$7.7 billion of system debt outstanding, according to Moody's. That debt is backed by toll revenues from highways and bridges considered part of NTTA's original toll system in Dallas, Denton and Collin counties.

With debt levels running 14.9 times operating revenues, NTTA has one of the highest leverage ratios of any toll operator, according to Moody's.

"However this leverage has moderated in recent years with increased revenue growth from traffic growth and toll increases," Matesanz added.

NTTA also has two interest rate swaps outstanding with Citibank and JP Morgan Chase. Based on the mark-to market as of the negative fair value on the swaps was \$27.3 million as of March 20, 2014, according to Moody's.