

THE BOND BUYER

Bridge project boosts N.Y. State Thruway Authority bond outlook

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A replacement of the Tappan Zee Bridge that is on time and within budget drove a positive outlook for the New York State Thruway Authority ahead of its \$600 million general revenue refunding bond sale.

Moody's Investors Service revised the outlook on its A2 rating to positive from stable Monday citing the near completion of the new three-mile crossing connecting Westchester and Rockland counties. The authority plans to sell \$600 million in series L general revenue refunding bonds on Thursday through RBC Capital Markets. Moody's credited it with creating a "sizeable contingency" in the financing plan for the new bridge that offsets remaining construction and demolition costs.

"The positive rating outlook is based on our expectation that construction will be completed on time and on budget," said Moody's analyst Maria Matesanz.

The authority is responsible for overseeing and maintaining the 570-mile New York State Thruway system.

Matesanz noted that the positive outlook is also based on an expectation that the NYSTA will implement toll increases by 2022 along with traffic growth forecasts remaining on target. She said the Authority has receipt of \$1.078 billion of a total of \$1.985 billion in state grants for the project that "offset the need for greater debt leverage." The positive outlook impacts the agency's \$3.071 billion senior and \$2.45 billion junior bonds outstanding.

The NYSTA is planning to use proceeds from Thursday's transaction to refund series H bonds sold in 2007 to create net present value savings of \$70.2 million that would help reduce annual debt service costs through 2024. The Authority has issued \$12.6 billion of debt in the past decade including \$850 million in 2016 [to fund](#) a portion of the new bridge.

The westbound span of the replacement Tappan Zee Bridge [opened](#) to traffic on Aug. 25, 2017 with the eastbound crossing slated to open later this year. The \$4 billion project took flight five years ago through a design-build venture with Tappan Zee Constructors.

New York Gov. Andrew Cuomo allocated \$1.3 billion of funding in the state's 2016 fiscal year budget to support the bridge replacement and the entire Thruway system to help keep toll rates flat through at least 2020. The project also got financial backing from a \$1.6 billion federal loan under the Transportation Infrastructure Finance and Innovation Act.

Former New York State Transportation Commissioner Matthew Driscoll was [tapped](#) by Governor Cuomo as executive director for the NYSTA in August. He replaced former Bridgeport, Conn. Mayor Bill Finch, who spent 14 months in the leadership post.

Corrected February 28, 2018 at 4:44PM: The original version of the story erroneously said that the Thruway Authority controls the New York State Canal System. The canal system since 2017 falls under the purview of the New York Power Authority.