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## Puerto Rico Highways & Transportation Authority GARVEE Bond Rating Raised To 'A+' On Strong Debt Service Coverage

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NEW YORK (Standard & Poor's) Feb. 27, 2009--Standard & Poor's Ratings Services raised its rating on Puerto Rico Highways and Transportation Authority's (PRHTA) \$114.6 million series 2004 outstanding grant anticipation revenue bonds (GARVEEs) to 'A+' from 'A'.

The upgrade is based on the authority's strong debt service coverage levels of 10.5x maximum annual debt service (MADS) coverage on the outstanding GARVEE debt based on fiscal 2008 receipts and reflects structural provisions that provide debt service coverage and direct annual federal reimbursements first to trustee-held accounts.

"The stable outlook reflects our expectation that the long-standing federal aid highway program will continue to receive significant funding, and that Puerto Rico will receive its historical share of annual Title 23 distributions," said Standard & Poor's credit analyst Laura Macdonald. "A significant decline in coverage, based on pro forma MADS or the commonwealth's failure to prudently manage the reimbursement process would be a rating concern," said Ms. Macdonald.

Offsetting credit factors include the narrow pledge of FHWA reimbursements to the commonwealth; the possibility of decreased pledged revenues resulting from a decline in revenues available for distribution to states and the commonwealth from the Highway Trust Fund or in the amounts

appropriated by Congress; changes to the federal aid highway program; delays to congressional reauthorization; or the failure of Puerto Rico to prudently manage the reimbursement process. In addition, while there is a long history of federal funding of the Territorial Highway Program, there have been programmatic changes and modifications to apportionments over time that in the future could hurt the level of funding that the commonwealth receives.

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