



(/en_US/web/guest/home) Indiana Finance Authority's 2017A Highway Revenue Refunding Bonds Rated 'AA+'

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DALLAS (S&P Global Ratings) Aug. 11, 2017--S&P Global Ratings assigned its 'AA+' rating to Indiana Finance Authority's (IFA) series 2017A highway revenue refunding bonds (I-69), supported by the state. We also affirmed the 'AAA' issuer credit rating (ICR) on Indiana, the 'AA+' rating on the state's appropriation debt, the 'AA' rating on the Indiana Bond Bank's moral obligation debt, and the 'A-1+' short-term rating on the state's 2008A lease revenue bonds (stadium project) based on Indiana's self-liquidity.

"The outlook on all long-term ratings is stable, reflecting our view of the state's strong financial position and management's commitment to maintaining structural balance and a high level of reserves," said S&P Global Ratings credit analyst Oscar Padilla.

The ICR reflects our opinion of the state's:

Sustained economic growth across sectors, albeit at a modestly slower pace than the nation as a whole;
Maintenance of strong budgetary reserves even after including one-time spending on state and local road and bridges in fiscal 2017;
Very active budget management, with practices that have been consistently applied to maintain sound reserve levels, including the administration's willingness to use its power to align appropriations with conservative revenue estimates and implement a lower cost structure; and
Low overall debt levels, but with significant contingent liabilities tied to infrastructure investment projects that could result in higher debt levels if toll revenues fall short of expectations.

The rating on the series 2017A bonds reflects on our view of:

Lease rental payments that are subject to biennial appropriations from the legislature;
A master lease structure that cross defaults the various transportation projects funded by the state's highway revenue bonds;
A constitutional prohibition against the state issuing general obligation debt that enhances the security of the state's appropriation-backed debt;
and
The strong creditworthiness of Indiana.

Our rating on the appropriation debt is one notch below the ICR, reflecting our view of appropriation risk, while the rating on the moral obligation debt is one category below the ICR, reflecting our view of the level of risk.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at www.spcapitaliq.com. All ratings affected by this rating action can be found on the S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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