



For Immediate Release
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SMART Receives AA Rating on Refinancing its Construction Bond

Petaluma, CA— Today, SMART announced that Standard and Poor's Global Ratings (S&P) has issued an AA rating on its proposed refinancing of its construction debt through the issuance of Green Bonds. S&P also affirmed its AA bond rating on its existing bonds following a review of SMART's creditworthiness.

"This successful step will put SMART closer to its goal of reducing debt service by as much as \$3 million annually" said Eric Lucan, Chair of SMART Board of Directors and Council Member from Novato.

S&P Global Ratings assigned this new 'AA' long-term rating on SMART's anticipated \$123.4 million Measure Q sales tax revenue refunding bonds, which will be sold as green bonds due to their tie to the environmental benefits of SMART. An AA rating indicates that the issuer's "capacity to meet its financial commitment on the obligation is very strong."

The rating reflected S&Ps view of "The very strong economic fundamentals of SMART's two-county district" and SMART's "historically low volatility of ... sales tax revenue". The rating also cited as important the cushion between current and forecasted maximum annual debt service SMART is required to pay over the life of the debt -- a cushion that SMART intends to improve as part of this refinancing.

In March 2020, S&P revised the outlook on all bonds issued by transit agencies secured by tax revenue pledges to “negative,” reflecting S&P’s view that the “recession and social distancing-driven declines in transit activity levels will likely place material pressure” on agencies like SMART. As a result of this action, SMART’s rating still carries this outlook of “negative”; however, SMART has not seen its rating downgraded as have other transit agencies.

Receiving a ratings review is one of the many steps the SMART has undertaken in the past few months to pursue a refinancing of its debt and take advantage of historically low rates.

“These savings will provide greater fiscal stability for SMART and allow the agency to stabilize its operating costs despite the historic impacts of the pandemic,” said Barbara Pahre, SMART’s Vice Chair and President of Golden Gate Bridge & Highway Transportation District.

S&P ratings information can be found here:

https://www.standardandpoors.com/en_US/web/guest/ratings/press-releases

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