



**Credit
Rating
Agency**

A NRSRO Rating*

**Central Texas Regional Mobility Authority
Senior Lien Revenue Bonds
Subordinate Lien Revenue Bonds**

**HR A- (G)
HR BBB+ (G)**

Infrastructure
December 16, 2020

Rule 17g-7 Information Disclosure Form

Ratings

Senior Lien Revenue Bonds **HR A- (G)**

Subordinate Lien Revenue Bonds **HR BBB+ (G)**

Outlook **Stable**

The Rating Action Commentary (RAC) associated with this disclosure form is an integral part of the form.

1. Symbol, Number, or Score in the Rating Scale used by HR Ratings as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:

Entity/Instrument	Rating Action	Rating Type	Rating Code
Central Texas Regional Mobility Authority Senior Lien Revenue Bonds Series 2020B, 2020C, 2020E	Assigned	Long Term Rating	HR A- (G) / Stable
Central Texas Regional Mobility Authority Senior Lien Revenue Bonds Series 2010, Series 2011, Series 2013A, Series 2015A, Series 2015B, Series 2016, Series 2018	Affirmed	Long Term Rating	HR A- (G) / Stable
Central Texas Regional Mobility Authority Subordinate Lien Revenue Bonds Series 202D, 2020F, 2020G	Assigned	Long Term rating	HR BBB+ (G) / Stable
Central Texas Regional Mobility Authority Subordinate Lien Revenue Bonds Series 2013, Series 2015C, Series 2015D, Series 2015E, Series 2016, Series 2018, Series 2019	Affirmed	Long Term Rating	HR BBB+ (G) / Stable

2. Version of the Procedure or Methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:

The rating assigned by HR Ratings to the instruments is based in accordance with the following methodologies established by the rating agency:

- Methodology for Infrastructure: Rating for Debt Backed by Revenues from the Operation of Highways, Tunnels and Bridges, November 6, 2015

[https://www.hrratings.com/docs/metodologia/0Metodologia%20para%20Infraestructura%20\(eng\)%20limpio1.pdf](https://www.hrratings.com/docs/metodologia/0Metodologia%20para%20Infraestructura%20(eng)%20limpio1.pdf)

3. Main assumptions and principles used in constructing the procedures and methodologies to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:

The bonds rated are paid with the revenues derived from the operation of the toll roads owned by the Central Texas Regional Mobility Authority (CTRMA and/or the Authority). Therefore, the methodology mentioned before is based on the evaluation of the credit quality of the flows generated by toll collection in the roadways.

The quantitative analysis starts with the preparation of a base financial scenario, which incorporates assumptions regarding the following: traffic and its composition, the corresponding growth rates, the operating and maintenance expenses for the project, and the taxes, among other factors. These assumptions are used to determine the expected cash available for debt service. Also, the debt servicing is projected according to the characteristics of the debt profile, including the interest rate, the amortization curve, the designation of the reserve funds, and the existence of financial derivatives, among other characteristics. These processes are applied taking into consideration the base macroeconomic assumptions prepared by HR Ratings. The relevant variables are projected considering the legal maturity date.

After preparing the base financial scenario, the stressed financial scenario is developed. The stressed scenario considers the maximum drop in traffic and revenue, without defaulting on the financial obligations (breaking point) to determine the structures' ability to pay. It is important to mention that the flows under this scenario incorporate a cyclical projection for traffic. The stressed scenario incorporates the economic and financial assumptions made by HR Ratings representing the least favourable impact on the operation, including interest rates, exchange rates, and inflation.

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The Annualized Stress Rate (ASR) is the core metric from which the results of the quantitative analysis are drawn. This metric result from the calculation of the maximum annualized cumulative difference expected between the revenue, in real terms, under the stressed scenario and under the base scenario. This rating could be upgraded or downgraded based on the identified risks or credit enhancements. Such attributes are aspects that, due to their nature, are not included in the base and stressed financial scenarios, and thus they are included as qualitative adjustment considerations.

- Qualitative Adjustments to the initial rating:

The assigned ratings also consider the possibility that the CTRMA could issue additional debt in the future, as well as the inherent construction risk of ongoing and future projects that could be incorporated into the System. Furthermore, HR Ratings regards as a potential risk the fact that the provisions for the Renewal and Replacement Fund are made subsequent to the Senior and Subordinated debt service.

4. Potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17q-7

- HR Ratings does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information.
- Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue or issuer, and do not necessarily imply a statistical likelihood of default.
- The credit ratings do not opine on the liquidity of the issuer's securities or stock.
- The credit ratings do not consider the possible loss severity on an obligation default.
- The credit ratings are not an opinion of the market value of any issuer's securities or stock, or the possibility that this value suffer a deterioration.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17q-7

The Analysis Committee noted no material limitations on the reliability, accuracy and quality on the data relied on in determining the credit rating.

The Analysis Committee noted no material limitations on the scope of historical data or on the accessibility to certain documents or other information that would have better informed any credit rating listed in this disclosure form.

The ratings and/or opinions assigned are issued on behalf of HR Ratings, not of its management or technical staff, and do not constitute an investment recommendation to buy, sell, or hold any instrument nor to perform any business, investment or other operation. The assigned ratings and/or opinions issued may be subject to updates at any time, in accordance with HR Ratings' methodologies.

6. Use of third party due diligence services as required by Paragraph (a)(1)(ii)(F) of Rule 17q-7

HR Ratings did not use third party due diligence services for the rating actions listed on Page 1.

7. Use of servicer or remittance reports to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17q-7

HR Ratings does not use Servicer or Remittance Reports to conduct surveillance of the rating actions listed on Page 1.

8. Description of types of data about any obligor, issue, security or money market instrument relied upon for determining credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17q-7

Among the main information used for the rating is:

- Audited financial statements.
- Projections provided by the CTRMA Financial Advisor for the senior and subordinate lien debt service.



- Financial model provided by the CTRMA including the debt service existing and new issuances, Operation and maintenance expenses and traffic and revenue projections according to the last Traffic and Revenue Study Update.
- Historical and projected data for transactions and revenues obtained from public records and CTRMA.
- FY 2021 Adopted Budget provided by the CTRMA.
- Legal documentation of the bonds (Master Trust Indenture, Supplemental Trust Indentures, Loan Agreements, Official Statements and Forms of Bond Counsel in the Supplemental Trust Indentures) obtained from public sources and the CTRMA.
- Traffic and Revenue reports provided by the CTRMA, issued by the General Engineering Consultant.
- Traffic and Revenue Study available update provided by the CTRMA, issued Stantec Consulting Services Inc.

9. Overall assessment of quality of information available and considered in determining credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17q-7

The quality of the information provided by the entity is consistent with the quality observed in ratings that use a similar methodology.

10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17q-7

The rating was solicited by the entity or issuer, or on its behalf, and therefore, HR Ratings has received the corresponding fees for the rating services provided. The following information can be found on our website at www.hrratings.com: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) the procedure and process of voting on our Analysis Committee, and (iv) the rating scales and their definitions.

The ratings and/or opinions granted are issued on behalf of HR Ratings and not of its management or technical personnel and do not constitute recommendations to buy, sell or maintain any instrument, or to carry out any type of business, investment or operation, and may be subject to updates at any time, in accordance with the HR Ratings classification methodologies.

11. Explanation or measure of potential volatility to the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17q-7

The main factors that could lead to the volatility of the rating are:

- **Additional debt issuance:** If the entity issues additional debt, the level of stress that the outstanding debt might be able to withstand could be reduced, which could lead to a decrease in the ratings since they are directly associated with this level of stress.
- **Construction risk:** The uncertainty about the performance of 45SW, 183S and 290E Phase III recently opened to traffic as well as the performance of the 183A Phase III Project expected to be finished and operating in January 2025. If the performance observed at its opening is not as expected in our base or stress projections, our long-term expectations could be affected.
- **Failure to meet transactions, revenues and/or operation and maintenance expenses projections in base or stress scenarios that could lead to a change in flows available for debt service:** In case of suffering any deviation in these projections, the annualized stress rate calculated would also change and therefore the rating may also change.

12. Historical performance and expected probability of default and expected loss in event of default as required by Paragraph (a)(1)(ii)(L) of Rule 17q-7

For historical performance of each rating listed in the disclosure form, click on the link in the ratings table presented on the first page.

Our credit ratings need to be understood as rankings of the relative creditworthiness of different entities or credits. Creditworthiness takes into consideration both the ability and willingness to meet debt obligations in the manner prescribed in the relevant documentation. Default refers to the noncompliance of previously agreed obligations. As our ratings measure relative creditworthiness they do not necessarily reflect any specific statistical probability of default. In order to make more valid rankings of creditworthiness our different methodologies will apply stress case scenarios to complement our base case analysis.



13. Assumptions made by HR Ratings in determining announced credit ratings and examples of how assumptions impact the rating as required by Paragraph (a)(1)(ii)(M) of Rule 17q-7

- Transactions and Revenues: Our analysis assumes a certain long-term growth rate in transactions and revenues in a base scenario...
Debt Issuance Policy: HR Ratings assumes that the CTRMA will follow the policy of debt issuance...
183 South Project: This new toll road will behave as expected in our projections...
45 Southwest Project: This new toll road will behave as expected in our projections...
290 E Phase III: These direct connectors of 290 E toll road will behave as expected in our projections...
183A Phase III: The construction and beginning of operations of the 183A Phase III Project expected in January 2025...

14. Representations, warranties and enforcement mechanisms available to investors as required by Paragraph (a)(1)(ii)(N) of Rule 17q-7

The reporting of representations, warranties, and enforcement mechanisms does not apply to any of the credit ratings listed in this disclosure form.

Credit Rating Attestation

I, Roberto Ballinez Ambriz have the responsibility for this rating action and, to the best of my knowledge:

- No part of the credit rating was influenced by any other business activities;
The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated; and
The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument

Mexico City, December 16, 2020

/s/
Roberto Ballinez Ambriz
Senior Executive Director Public Finance and Infrastructure
HR Ratings, LLC

*HR Ratings LLC. (HR Ratings), is a HR Ratings de México, S.A. de C.V. subsidiary, a Credit Rating Agency registered by the Securities and Exchange Commission (SEC) of the United States as an NRSRO for this type of rating. HR Ratings' recognition as an NRSRO is limited to the ones described in section 3 (a) (62) (A) and (B) subsection (i), (iii) and (v) of the US Securities Exchange Act of 1934.



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HR BBB+ (G)

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A NRSRO Rating*

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*HR Ratings, LLC (HR Ratings), is a Credit Rating Agency registered by the Securities and Exchange Commission (SEC) as a Nationally Recognized Statistical Rating Organization (NRSRO) for the assets of public finance, corporates and financial institutions as described in section 3 (a) (62) (A) and (B) subsection (i), (iii) and (v) of the US Securities Exchange Act of 1934.

The rating was solicited by the entity or issuer, or on its behalf, and therefore, HR Ratings has received the corresponding fees for the rating services provided. The following information can be found on our website at www.hrratings.com: (i) The internal procedures for the monitoring and surveillance of our ratings and the periodicity with which they are formally updated, (ii) the criteria used by HR Ratings for the withdrawal or suspension of the maintenance of a rating, (iii) the procedure and process of voting on our Analysis Committee, and (iv) the rating scales and their definitions.

HR Ratings ratings and/or opinions are opinions of credit quality and/or regarding the ability of management to administer assets; or opinions regarding the efficacy of activities to meet the nature or purpose of the business on the part of issuers, other entities or sectors, and are based exclusively on the characteristics of the entity, issuer or operation, independent of any activity or business that exists between HR Ratings and the entity or issuer. The ratings and/or opinions assigned are issued on behalf of HR Ratings, not of its management or technical staff, and do not constitute an investment recommendation to buy, sell, or hold any instrument nor to perform any business, investment or other operation. The assigned ratings and/or opinions issued may be subject to updates at any time, in accordance with HR Ratings' methodologies.

HR Ratings bases its ratings and/or opinions on information obtained from sources that are believed to be accurate and reliable. HR Ratings, however, does not validate, guarantee or certify the accuracy, correctness or completeness of any information and is not responsible for any errors or omissions or for results obtained from the use of such information. Most issuers of debt securities rated by HR Ratings have paid a fee for the credit rating based on the amount and type of debt issued. The degree of creditworthiness of an issue or issuer, opinions regarding asset manager quality or ratings related to an entity's performance of its business purpose are subject to change, which can produce a rating upgrade or downgrade, without implying any responsibility for HR Ratings. The ratings issued by HR Ratings are assigned in an ethical manner, in accordance with healthy market practices and in compliance with applicable regulations found on the www.hrratings.com rating agency webpage. There Code of Conduct, HR Ratings' rating methodologies, rating criteria and current ratings can also be found on the website.

Ratings and/or opinions assigned by HR Ratings are based on an analysis of the creditworthiness of an entity, issue or issuer, and do not necessarily imply a statistical likelihood of default, HR Ratings defines as the inability or unwillingness to satisfy the contractually stipulated payment terms of an obligation, such that creditors and/or bondholders are forced to take action in order to recover their investment or to restructure the debt due to a situation of stress faced by the debtor. Without disregard to the aforementioned point, in order to validate our ratings, our methodologies consider stress scenarios as a complement to the analysis derived from a base case scenario. The rating fee that HR Ratings receives from issuers generally ranges from US\$1,000 to US\$1,000,000 (or the foreign currency equivalent) per issue. In some instances, HR Ratings will rate all or some of the issues of a particular issuer for an annual fee. It is estimated that the annual fees range from US\$5,000 to US\$2,000,00 (or the foreign currency equivalent).