

Rating Action: Moody's affirms Alameda Corridor Transportation Authority's (CA) A3 senior lien bonds and Baa2 first subordinate lien bonds; Outlook is stable

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\$1.6 billion total outstanding debt

New York, February 06, 2015 -- Moody's Investors Service affirms Alameda Corridor Transportation Authority's (CA) A3 senior lien revenue bonds and Baa2 first subordinate lien revenue bonds. The outlook is stable.

SUMMARY RATING RATIONALE

The ratings are anchored by the essential nature of Alameda Corridor Transportation Authority's (the "authority" or "ACTA") asset for the two A3-rated railroad off-takers in transporting containers from the ports to destinations nationwide. The ratings also reflect the contingent debt service support provided by two Aa2-rated ports.

OUTLOOK

The stable outlook reflects continued growth in container throughput and the associated use fees and container charges, as well as the proven ability to collect Port Shortfall Advances as needed. The outlook reflects Moody's expectation of minimal material changes to trade routes near-to-mid term and no additional new money issuance.

WHAT COULD MAKE THE RATING GO UP

- Significantly stronger and sustainable TEU growth for the corridor
- Higher than forecasted debt service coverage ratios

WHAT COULD MAKE THE RATING GO DOWN

- Permanent shifts in trade routes or sustained labor instability, translating into lower cargo throughput and/or revenue levels
- Tightening metrics of the Ports of Los Angeles (Aa2 Stable) and Long Beach (Aa2 Stable) (together "the San Pedro Bay ports"), which results in reduced ability of the ports to make Shortfall Advances when needed
- Reduced liquidity levels and/or unexpected unfunded capital needs

OBLIGOR PROFILE

Alameda Corridor Transportation Authority is a joint powers authority formed by the cities of Long Beach and Los Angeles in 1989. The Alameda Rail Corridor was financed and built and is operated by the authority. It is a multiple-track rail system located in southern Los Angeles County, California, running from the ports of Long Beach and Los Angeles 20 miles north, linking the ports' facilities with the transcontinental rail routes near downtown Los Angeles. The corridor consolidated freight rail traffic from approximately 90 miles of preexisting rail lines onto an integrated system separated from non-rail traffic. Operations began in April 2002.

LEGAL SECURITY

The senior and subordinate lien bonds are secured primarily by Use Fees and Container charges from the Union Pacific and BNSF railroads and Shortfall Advances from the Ports of LA and Long Beach. There is no direct obligation to the railroads or the ports. Bondholders also benefit from series-specific debt service reserve funds funded to the standard three prong test. There is no rate covenant.

Additional senior lien new money bonds may be issued if ACTA delivers (i) a certificate showing pledged revenues projected by an independent consultant will at least equal 125% of MADS on all senior lien bonds including the proposed issuance for any twelve consecutive months out of the eighteen months prior to the proposed issuance or (ii) Pledged revenues projected by an independent consultant from proposed issuance through final maturity will at least equal 125% of on all senior lien bond including the proposed issuance. Additionally, ACTA must deliver a

certificate showing pledged revenues projected by an independent consultant from proposed issuance through final maturity will at least equal 110% of on all senior lien bonds, including the proposed issuance. Further, the authority must obtain written consent from the Series 2012 Lender and bond insurers on the Series 2004 and 2013A Bonds.

Additional senior lien refunding bonds may be issued provided the authority delivers a certificate showing that MADS post issuance will not exceed MADS prior to issuance. Further, as long as the Series 2012 bonds are outstanding, the authority must also certify that (i) aggregate debt service on all senior lien bonds will not increase or (ii) pledged revenues will be at least 125% of senior lien debt service.

Additional first subordinate lien bonds may be issued if ACTA delivers (i) a certificate showing pledged revenues projected by an independent consultant will exceed 110% of MADS on all outstanding bonds including the proposed issuance for any twelve consecutive months out of the eighteen months prior to the proposed issuance or (ii) Pledged revenues projected by an independent consultant from proposed issuance through final maturity of first subordinate lien bonds will exceed 110% of on all outstanding including the proposed issuance. Additionally, ACTA must deliver a certificate showing pledged revenues projected by an independent consultant from proposed issuance through final maturity will exceed 110% of on all outstanding bonds, including the proposed issuance.

The indenture permits ACTA to issue second subordinate lien bonds without meeting any debt service coverage tests, provided the bonds do not include provisions for acceleration. No second subordinate lien bonds have been issued.

USE OF PROCEEDS

Not applicable.

The principal methodology used in this rating was Generic Project Finance Methodology published in December 2010. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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