

# Florida Turnpike Enterprise 2021B Bonds Assigned 'AA' Rating; Other Turnpike Revenue Bond Ratings Affirmed

July 16, 2021

FARMERS BRANCH (S&P Global Ratings) July 16, 2021--S&P Global Ratings assigned its 'AA' long-term rating to Florida's proposed \$229.84 million series 2021B turnpike revenue bonds, issued for the Florida Turnpike Enterprise (FTE). At the same time, S&P Global Ratings affirmed its 'AA' long-term and underlying ratings on FTE's turnpike revenue bonds outstanding. The outlook is stable. The series 2021B bond proceeds will be used to fund certain legislatively approved turnpike projects.

"The rating reflects the turnpike system's very strong financial position entering the pandemic, including relatively high debt service coverage (DSC; S&P Global Ratings-calculated) and cash reserves; and extremely strong debt capacity. It further reflects our assessment of the combination of the turnpike system's very strong enterprise risk profile and very strong financial risk profile. It also reflects our opinion that the system serves one of the most-populous U.S. states with above-average population growth, which we believe will support generally favorable traffic trends and financial metrics through the economic recovery," said S&P Global Ratings credit analyst Oscar Padilla. Our enterprise risk profile assessment incorporates the turnpike system's historically favorable traffic trends due to its important role, strategic location, and lack of significant competition from toll-free roads. Our financial risk profile assessment considers the turnpike system's historically good revenue growth from periodic toll rate increases and favorable traffic trends, which we anticipate will continue to strengthen within our outlook period.

"With improving traffic levels, we believe the system can maintain strong financial performance and a potentially extremely strong capacity to manage rising debt levels from its rolling, multibillion-dollar capital improvement program. In tandem, we believe it can maintain its strong overall liquidity and financial flexibility as traffic levels recover and management remains proactive in adjusting its capital spending and timing its toll rate increases," said Mr. Padilla.

A pledge of the system's net revenues after operation and maintenance (O&M) expenses secures the bonds. Following the issuance of the series 2021B bonds, FTE expects to have approximately \$2.86 billion of revenue bonds outstanding. As of fiscal year-end 2021, it also has approximately \$19.7 million of subordinate state infrastructure bank loans outstanding.

We assessed the turnpike system's environmental, social, and governance (ESG) risks relative to its market position, management and governance, and financial performance, and determined that, with the exception of environmental factors all are credit neutral relative to the toll-road sector. In our view, the turnpike's environmental risks are a moderately negative consideration in our rating analysis based on the state's vast coastline, which exposes it to extreme weather

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events and long-term sea level rise that could disrupt the turnpike's operations following an event.

### RELATED RESEARCH

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

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