

RATING ACTION COMMENTARY

Fitch Rates Florida Turnpike Enterprise's Rev Bonds 'AA'; Outlook Stable

Wed 18 Jun, 2025 - 3:29 PM ET

Fitch Ratings - Chicago - 18 Jun 2025: Fitch Ratings has assigned a 'AA' rating to the Florida Department of Transportation's (FDOT) approximately \$147.7 million of series 2025C senior lien turnpike revenue bonds. The Florida Turnpike Enterprise (FTE), a division of FDOT, operates the state's turnpike system. The Rating Outlook is Stable.

RATING RATIONALE

The 'AA' rating reflects the turnpike system's role as an essential network serving a broad customer base in a strong service area. The system benefits from considerable rate-making flexibility, evidenced by its legal ability to adjust toll rates above the Consumer Price Index (CPI) and its history of several above-inflation toll rate increases.

The rating also reflects the turnpike's robust debt service coverage and moderate leverage metrics despite FTE's substantial capital improvement program (CIP). The CIP has supported the continued expansion and maintenance of the turnpike and is expected to require \$4.1 billion in debt issuances through fiscal 2030, inclusive of the 2025C bonds. However, FTE's resilient financial profile mitigates future debt issuance concerns, with metrics remaining commensurate with its 'AA' rating.

KEY RATING DRIVERS

Revenue Risk - Volume - High Stronger

Strategically Important Turnpike System: FTE's toll roads form a critical, mature transportation system underpinned by a large commuter base and limited competition. System expansion and sustained healthy demand have led to resiliency and continued traffic growth. The turnpike also benefited from minimal demand elasticity in response to

rate increases, which Fitch expects to continue given the asset's essential nature and competitive toll rates.

Revenue Risk - Price - Stronger

Strong Rate-Making Flexibility: FTE has significant flexibility to increase toll rates and a legal framework to implement scheduled rate increases that track inflation. Its toll rates are indexed to the CPI, with the ability to increase electronic toll rates annually (or at least every five years) and cash rate increases every five years.

Toll adjustments above CPI are permitted as needed to comply with bond documents and covenants. FTE has occasionally implemented above-inflation rate increases as needed, with most historical rate increases tracking inflation.

Infrastructure Dev. & Renewal - Stronger

Manageable Work Program: The turnpike's five-year work program (fiscal 2026 to fiscal 2030) includes approximately \$9.8 billion of projects, with about one-third funded by planned bond issuances. The plan focuses on increasing system capacity and access. The expected completion of several lane-widening projects will continue to enhance the turnpike's capacity. The turnpike system is in good overall condition, supported by a robust asset condition monitoring regime.

Debt Structure - 1 - Stronger

Conservative Debt Portfolio: The turnpike's debt structure is conservative and comprised of all senior, fully amortizing fixed-rate debt. A \$10 billion bond cap limits outstanding debt, which remains at around one-third of the cap. Total debt pro forma for new issuances is expected to remain comfortably within the limit in Fitch's cases. FTE's debt service, including Fitch-estimated future debt issuances, peaks in fiscal 2029, and then steadily declines until final maturity.

Financial Profile

FTE benefits from a strong financial profile with high net operating margins, which Fitch expects to remain consistent with the current rating level despite the sizable capital program-related debt issuances over the next five years.

FTE's audited fiscal 2024 debt service coverage ratio (DSCR) remained robust at 3.9x. DSCR is expected to remain strong, with a 10-year average of 2.5x in Fitch's rating case. Net debt to cash flow available for debt service (leverage) will peak at 4.9x in fiscal 2029 under Fitch's rating case.

PEER GROUP

The Maryland Transportation Authority (MDTA; senior lien AA/Stable) and Pennsylvania Turnpike Commission (PTC; senior lien AA-; subordinate lien A/Stable) are among FTE's most comparable peers. Each operates a strong turnpike system with both urban and rural segments and has considerable pricing flexibility. FTE and MDTA have comparable DSCR and leverage profiles, as well as similar passenger toll rates, resulting in the same rating.

PTC's rating reflects a strengthening credit profile and improved financial flexibility following the partial sunset of its Act 44 transfer obligations. However, PTC's higher leverage on both liens is commensurate with its lower rating.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--Erosion of the Fitch rating case DSCR to below 2.0x for a sustained period due to lower-than-anticipated revenue from fewer transactions or minimal toll increases.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Upward rating action is unlikely due to FTE's already high rating level and the sector-wide risks inherent to toll roads and bridge systems.

TRANSACTION SUMMARY

The FDOT is issuing around \$147.7 million in series 2025C turnpike revenue bonds. Proceeds will fund work in the 2025C Turnpike Project. The bonds will be fixed rate, on parity with existing turnpike revenue bonds, and will fully amortize by 2055.

SECURITY

Turnpike revenue bonds are secured by a first lien on the net revenues of the turnpike.

Asset Description

The FTE, a division of FDOT, operates the state's turnpike system. The turnpike system consists of multiple components spanning more than 500 centerline miles across the state of Florida. Its principal component is the 320-mile Mainline. In addition to the Mainline, the system also includes the 18-mile Seminole Expressway, the 15-mile Veterans Expressway, the six-mile Southern Connector Extension, the 25-mile Polk Parkway, the 55-mile Suncoast Parkway, the 23-mile Sawgrass Expressway, the 11-mile Daniel Webster Western Beltway, the one-mile I-4 Connector, the 22-mile Beachline East Expressway, the 15-mile First Coast Expressway, and the three-mile Garcon Point Bridge.

DATE OF RELEVANT COMMITTEE

01-Oct-2024

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡	PRIOR ⚡
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Florida Department of Transportation (FL) [Turnpike]		

Florida Department
of Transportation (FL)
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APPLICABLE CRITERIA

[Infrastructure & Project Finance Rating Criteria - Effective from 17 May 2023 to 8 January 2025 \(pub. 17 May 2023\) \(including rating assumption sensitivity\)](#)

[Transportation Infrastructure Rating Criteria - Effective from 18 December 2023 to 7 January 2025 \(pub. 18 Dec 2023\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG AST Model, v1.4.2 ([1](#))

ADDITIONAL DISCLOSURES

[Solicitation Status](#)

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Florida Department of Transportation (FL)

EU Endorsed, UK Endorsed

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