



Rating Action: Moody's Ratings assigns Aa2 to Florida Department of Transportation's Turnpike Revenue Bonds, Series 2025C; outlook stable

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New York, June 18, 2025 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the Florida Department of Transportation's (FDOT) \$147.7 million Turnpike Revenue Bonds, Series 2025C. The outlook is stable.

RATINGS RATIONALE

The Aa2 rating reflects the strategically vital role the turnpike system plays in Florida's economy as the turnpike system is a well-established multi-asset, statewide system that has a long history of effective tolling operations with a prudent approach to financial and capital management. The rating is also supported by sustained above-average financial metrics that we expect to continue even as the \$9.8 billion large capital improvement plan (CIP) is implemented through fiscal 2030. We expect forecast toll revenue growth and annual debt amortization to balance the new debt forecast to be issued to support the CIP. Approximately \$4.1 billion of capital projects are anticipated to be funded through planned issuances of additional bonds in fiscal 2026 through fiscal 2030. This amount includes the \$154 million of proceeds expected to be generated by the issuance of the Series 2025C bonds in fiscal 2026. The majority of the capital projects are revenue additive widenings and expansions. In addition, the turnpike system also has a declining debt service schedule that provides room to add new debt without materially increasing near-term debt service costs. The rating further incorporates the turnpike system's demonstrated strong relationship with its owner FDOT and the state through centralized debt and financial oversight, FDOT's covenant to pay the turnpike's annual operating and maintenance (O&M) expenses on a reimbursable basis since 1997, and the state legislated toll rate regime that requires inflation-indexed toll rate increases over time.

RATING OUTLOOK

The stable outlook reflects our view that the turnpike system's traffic and revenue will continue to grow over time and in step with its forecasted new debt plans to ensure strong financial metrics are sustained.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Traffic and revenue growth that produces sustained net revenue DSCRs above 3.0x and debt to operating revenues below 2.0x
- Successful delivery of the CIP with planned new debt while maintaining strong financial metrics

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Declines in traffic and revenue combined with additional leverage that reduces total net DSCRs below 2.0x
- Adjusted debt to operating revenue above 5.0x
- Liquidity levels below 400 days cash on hand

- Delays in or failure to implement timely toll increases as planned and statutorily required

PROFILE

The turnpike system is a large, multi-asset toll system that traverses the most populous areas of the state and consists of several components totaling over 500 centerline miles, with new miles consistently under construction and added to the system annually. The Florida Turnpike Enterprise operates the turnpike system for FDOT and all debt issued must be approved by the Governing Board of the Division of Bond Finance before being issued.

METHODOLOGY

The principal methodology used in this rating was Publicly Managed Toll Roads and Parking Facilities published in May 2023 and available at <https://ratings.moodys.com/rmc-documents/403120>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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Cintia Nazima
Lead Analyst

Kurt Krummenacker
Additional Contact

Releasing Office:

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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