MOODY'S
RATINGS

Rating Action: Moody's Ratings changes North Texas Tollway Authority, TX's outlook to positive from stable, assigns Aa3 to First Tier Bonds, Series 2026A and A1 to Second Tier Bonds, Series 2026B; affirms outstanding ratings

18 Aug 2026

New York, August 18, 2026 -- Moody's Ratings (Moody's) has assigned a Aa3 rating to North Texas Tollway Authority, TX (NTTA) expected $380 million System Revenue and Refunding Bonds, First Tier Bonds Series 2026A and an A1 rating to the expected $424 million System Revenue and Refunding Bonds, Second Tier Bonds Series 2026B. We also affirmed the Aa3 rating on NTTA's outstanding parity first tier bonds, the A1 rating on parity second tier bonds, and the A3 rating on subordinate bonds. NTTA has $5.8 billion of first tier bonds rated Aa3, $2.3 billion of second tier bonds rated A1, and $30.2 million of subordinate lien bonds rated A3. The outlook has been revised to positive from stable.

The rating affirmation with a change to a positive outlook reflects NTTA's growing revenue and decreasing leverage, with no plans to add debt through the current forecast period. NTTA also plans defeasance of debt with excess cash, supporting the steady decline in NTTA's leverage.

RATINGS RATIONALE

The ratings reflect NTTA's essential roadway network located in one of the fastest growing US service areas that will experience continued traffic growth, which we expect will support moderating leverage and sustains net revenue debt service coverage ratio (DSCR) of around 1.8x through the next few years. Traffic growth will be the primary cause of revenue growth as NTTA's board has discontinued its biennial toll rate increases as debt service requirements level off and capital investment needs over the next few years remain manageable. NTTA maintains sufficient cash that mitigates risks of future traffic declines in future shocks and also fully funds NTTA's current $2.0 billion five-year capital plan.

NTTA's leverage will decline steadily, even with smaller annual revenue increases with the new policy. However, with 6.3x adjusted debt to operating revenue at the end of 2025, leverage remains elevated compared to similarly sized peers.

The Aa3 first tier rating is based on the senior security pledge and DSCR of 2.8x in 2025 and a policy to maintain first tier coverage above 2.35x moving forward. The A1 second tier rating is based on the second tier pledge of revenue and weaker debt service reserve requirement. The A3 subordinate lien rating reflects higher total debt service coverage and ample balances in the capital improvement fund (CIF) to support payment of the obligations. The A3 rating on subordinate debt additionally reflects the lack of a pledge of revenue and no debt service reserve.

RATING OUTLOOK

The positive outlook reflects our expectation that should maintain first tier net revenue DSCR above 2.5x and second tier net revenue DSCR above 1.75x, while leverage continues to decline.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Revenues continue to grow resulting in first tier net revenue DSCR above 2.5x and second tier net revenue DSCR above 1.75x

- Liquidity remains above 730 days cash on hand (DCOH)

- Total leverage declines to below 5.0x

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Additional debt issuances or revenue declines that lead to sustained DSCR of first and second tier bonds below 1.3x

- Lower than expected video toll enforcement and collections

- Failure to implement planned toll increases necessary to produce projected debt service coverage levels

- Traffic and revenue growth no longer meet or exceed current projections

PROFILE

NTTA manages a well-established multi-asset tollway system in the Dallas-Fort Worth MSA. Assets include two bridges, one tunnel and five highways, approximately 151 center lane miles in length and with 1,212 lane miles. Traffic is predominantly two axle passenger cars with only 3.4% multi-axle vehicles.

METHODOLOGY

The principal methodology used in these ratings 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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