Research Update:

North Texas Tollway Authority Series 2026A Bonds Rated 'AA-'; Series 2026B Bonds Rated 'A+'

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Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to the North Texas Tollway Authority's (NTTA) estimated $380.0 million series 2026A first-tier system revenue and refunding bonds and its 'A+' long-term rating to the authority's estimated $423.9 million series 2026B second-tier system revenue and refunding bonds.
- At the same time, we affirmed our 'AA-' long-term rating and underlying rating (SPUR) on the authority's first-tier toll road revenue bonds and our 'A+' long-term rating and SPUR on the authority's second-tier revenue bonds outstanding.
- The outlook is stable.

Rationale

Security

Net revenue of the NTTA toll system secure the authority's toll road revenue bonds. The long-term rating on the second-tier bonds reflects our view of their subordinate lien on the net revenue.

NTTA will use bond proceeds to support certain capital projects and to refund a portion of its existing debt for debt service savings.

As of June 30, 2026, NTTA had approximately $8.1 billion in debt outstanding, consisting of $5.8 billion of first-tier bonds, $2.3 billion of second-tier bonds, and about $30.2 million of subordinate-lien bonds. The authority maintains a commercial paper (CP) program of up to $200 million as well as a revolving note program of up to $100 million. NTTA has no CP or revolving notes outstanding.

Credit highlights

Anchored by a large and growing metropolitan area, our assessment of NTTA's overall credit profile remains unchanged, supported by sustained healthy financial metrics and active management effectively executing a multifaceted capital program across the metroplex. The system is experiencing favorable traffic trends, which have translated to solid revenue growth and have helped maintain healthy financial margins. A year following the adoption of the toll rate modification policy on Aug. 20, 2025, we maintain our view that the requirement for affirmative board approval for rate changes remains credit neutral. Based on current trends and forecast, the policy has not resulted in any material shifts in the authority's capacity or flexibility to preserve healthy financial metrics. We believe the NTTA's established history of balancing system growth, regional affordability, and stable financial performance will persist. Additionally, the previously approved target for the rainy day fund--set at six months of operations and maintenance expenses--reflects the authority's prudent liquidity management.

For the six-month period ended June 30, 2026, the authority reports a 0.8% increase in toll transactions and a 7.1% increase in revenue from the same period in 2025. Our financial risk profile assessment of NTTA considers historical and projected financial and operational results as well as an updated traffic and revenue study that reasonably assumes that organic revenue increases will continue, including system toll transactions increasing 1.8% on average per year and system toll revenue increasing 2% annually on average from 2026-2030. Revenue growth assumes no toll rate increases. Growth assumptions for system transactions are predominantly based on the continuation of favorable service area demographic trends.

The rating reflects our view of the authority's:

- Important role as a regional urban infrastructure provider, with critical transportation links in the expanding Dallas-Fort Worth-Arlington (DFW) metropolitan statistical area (MSA), despite the existence of nontolled alternatives;
- Healthy financial metrics, reflecting coverage, debt capacity and liquidity (S&P Global Ratings-calculated) that we expect will be sustained near current levels, supported by generally favorable traffic trends and prudent management to ensure stable financial performance, and no material additional borrowing needs;
- Experienced and effective management team demonstrated by NTTA's history of meeting or exceeding most operational and financial goals, detailed financial forecasting that it updates frequently to address material variances, and a very capable staff that has a considerable track record of operating a regional tolling agency; and
- Manageable, albeit large, capital improvement program (CIP) of about $2 billion for fiscal 2026-2030 that management anticipates will be funded largely with cash on hand and cash flow from operations.

Outlook

The stable outlook reflects our expectation that the high and relatively price-inelastic demand for NTTA's roads will provide it with sufficient flexibility to maintain good financial performance.

Downside scenario

A deterioration of the authority's financial metrics could lead us to lower the rating, although we don't anticipate it.

Upside scenario

We could raise the rating if the authority sustains financial metrics supported by transaction and revenue growth, and successfully implements the new toll rate policy and the ongoing CIP while maintaining current debt metrics.

Credit Opinion

Enterprise Risk Profile: Very Strong

Growing service area and demand show little sign of abating despite cooling economic conditions

Strong and resilient demand for the system as well as the authority's large service area support NTTA's very strong enterprise risk profile assessment. Transactions in fiscal 2025 (year-end Dec. 31) rose about 1.6% relative to that of 2024, reflecting steady growth and underscoring our view of the system's very strong market position. The authority's network is primarily used by passenger vehicles (two-axle), which accounted for approximately 96% of toll transactions in 2025.

A traffic and revenue letter update completed by CDM Smith in July 2026 partially reflects the latest system trends and shows a continued pattern of growth in both transactions and revenue. The forecast estimates annual transaction growth of 1.8% through 2030, moderating to 1.6% in the succeeding decade. Annual revenue growth is forecast at 2% through 2030 before moderating to 1.6% from 2030-2040. The forecast assumes no future rate increases. Given the ongoing population growth in the region and demand for system's network, we view near-term estimates as reasonable and conservative. In addition, while they are no longer automatic, we believe management will prudently navigate toll rate increases to maintain stable operating margins, coverage and system needs.

From an economic perspective, the broader DFW MSA will likely grow at a faster pace than that of the nation in 2026 and 2027, with metropolitan economic output growth of 2.85% and 3.17%, respectively, according to S&P Global Market Intelligence. While U.S. growth has proven resilient, mounting pressures due to lingering uncertainty from the conflict in the Middle East could result in weakening purchasing power and propagate supply-chain shortages well beyond crude oil. (For more information, see "Economic Outlook U.S. Q3 2026: Resilient To Layered Supply Shocks," June 24, 2026.)

Experienced management supports overall credit stability

Management has considerable expertise and experience given many personnel are long-tenured with the authority. Management provides frequent and high-quality disclosure and maintains a detailed long-range financial forecast. Additionally, it has adopted and adheres to various financial policies, including an investment and debt management policy and its new toll rate-setting policy framework, which collectively support operational effectiveness and stability, in our view. This includes a focus on ensuring the authority has a strong capacity to meet the growing demands of the system and achieving high levels of customer service and safety.

Financial Risk Profile: Strong

Financial performance continues its historically consistent positive results

Strong debt service coverage (DSC; S&P Global Ratings-calculated) and maintenance of very strong liquidity supports the authority's financial strength and large, but carefully managed, debt profile. We expect the authority's relatively resilient demand and corresponding revenue growth will support historical trends and key financial metrics near current levels.

Average total DSC for fiscal years 2023-2025 is about 1.48x with pro forma coverage approaching 1.9x (by 2031), which is in the strong range. Our all-in DSC calculations include NTTA's audited financial results, reported on a generally accepted accounting principles basis. Per the indenture, NTTA's DSC for all existing obligations is estimated to be 1.7x in fiscal 2026. Its rate covenant requires it to maintain DSC of no less than 1.35x on the first tier and 1.20x on the combined first and second tiers. We believe the authority's financial targets are attainable given its ability and willingness to increase tolls and its favorable traffic trends.

Steady debt and liability profile with no debt plans, and a CIP supported by available cash

In our view, NTTA's debt profile remains strong and should continue to improve with no debt plans in the medium term. The authority's debt to EBIDA in fiscal 2025 remained below 10x, which we anticipate will continue within the outlook period due to revenue growth as well as the absence of material additional debt. NTTA's 2026-2030 CIP totals about $2 billion. It plans to cash-finance its CIP with a combination of current restricted and unrestricted reserves as well as future excess cash flow. In our assessment of NTTA's very strong liquidity and financial flexibility, we anticipate days' cash on hand will remain at or above 1,000, and between 7.5%-20.0% of debt.

North Texas Tollway Authority--ratings score snapshot

Enterprise risk profile	**2**
Economic fundamentals	1
Industry risk	2
Market position	2
Management and governance	2
Financial risk profile	**3**
Financial performance	3
Debt and liabilities	2
Liquidity and financial flexibility	2

North Texas Tollway Authority--Financial and operating data

	--Fiscal year ended Dec. 31--				Medians for 'AA' category rated toll roads
	2025	2024	2023	2022	2024
Financial performance					
Total operating revenue ($000s)	1,351,887	1,298,073	1,217,114	1,080,492	416,479
Plus: interest income ($000s)	0	0	0	0	MNR
Plus: other committed recurring revenue sources ($000s)	19,313	19,563	19,643	19,680	MNR
Less: total O&M expenses and like transfers out, if any, net of noncash expenses	342,293	353,270	290,711	253,878	169,267

North Texas Tollway Authority--Financial and operating data

	--Fiscal year ended Dec. 31--				Medians for 'AA' category rated toll roads
	2025	2024	2023	2022	2024
Numerator for S&P Global Ratings' coverage calculation ($000s)	1,028,907	964,366	946,046	846,294	MNR
Total debt service ($000s)	675,654	682,613	645,233	590,144	142,877
Denominator for S&P Global Ratings' coverage calculation ($000s)	694,967	702,176	664,876	609,824	MNR
S&P Global Ratings-calculated coverage (x)	1.48	1.37	1.42	1.39	2.27
Debt and liabilities					
Debt ($000s)	8,441,752	8,864,241	9,268,281	9,466,479	2,111,394
EBIDA ($000s)	1,009,594	944,803	926,403	826,614	MNR
S&P Global Ratings-calculated net revenue ($000s)	1,028,907	964,366	946,046	846,294	319,212
Debt to net revenue (x)	8.2	9.2	9.8	11.2	4.5
Debt to EBIDA (x)	8.4	9.4	10.0	11.5	4.5
Liquidity and financial flexibility					
Unrestricted cash and investments ($000s)	1,452,230	1,288,507	1,204,617	1,010,803	346,238
Available liquidity, net of contingent liabilities ($000s)	1,452,230	1,288,507	1,204,617	1,010,803	MNR
Unrestricted days' cash on hand	1,548.6	1,331.3	1,512.4	1,453.2	MNR
Available liquidity to debt (%)	17.2	14.5	13.0	10.7	MNR
Unrestricted days' cash on hand (excluding credit facilities)	1,548.6	1,331.3	1,512.4	1,453.2	849.0
Available liquidity to debt (%) (excluding credit facilities)	17.2	14.5	13.0	10.7	19.0
Operating metrics - toll road					
Total toll revenue ($000s)	1,252,886	1,198,342	1,131,352	1,034,980	MNR
Toll transactions (000s)	965,708	949,935	935,223	881,327	118,025

O&M--Operations and maintenance. EBIDA = Total operating revenue - total O&M expenses excl. noncash expenses. S&P Global Ratings-calculated net revenue = (Total operating revenue + other recurring nonoperating revenue committed to debt service) - total O&M expenses excl. noncash expenses. Available liquidity = unrestricted cash and investments + total contingent liquidity resources - contingent liabilities. Examples of total contingent liquidity resources include working capital line of credit and other available cash reserves not already included in unrestricted cash and investments. See Global Not-For-Profit Transportation Infrastructure Enterprises: Methodologies And Assumptions criteria for more S&P Global Ratings definitions and calculations. MNR--Median not reported.

Ratings List	
New Issue Ratings	
US$380.020 mil sys rev and rfdg bnds , first tier bnds ser 2026A due 01/01/2047	
Long Term Rating	AA-/Stable
US$423.98 mil sys rev and rfdg bnds , second tier bnds ser 2026B due 01/01/2048	
Long Term Rating	A+/Stable
Ratings Affirmed	
Transportation	
North Texas Tollway Auth, TX Toll Facility Revenues	AA-/Stable

Ratings List	
North Texas Tollway Auth, TX Toll Facility Revenues 2nd Lien	A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.