

THE BOND BUYER

Moody's upgrades North Texas Tollway ratings ahead of bond refunding

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The North Texas Tollway Authority received its second set of rating upgrades in a year as it prepares an approximately \$680 million bond refunding for pricing in mid-October.

Moody's Investors Service on Friday raised the ratings on about \$5.87 billion of first tier revenue bonds to Aa3 from A1, \$2.73 billion of second tier bonds to A1 from A2, and nearly \$49 million of subordinate lien bonds to A3 from Baa1. The outlook on the ratings was revised to stable from positive.



North Texas Tollway Authority, which operates five toll roads, two bridges, and one tunnel, has seen traffic surpass pre-pandemic levels, according to Horatio Porter, the authority's chief financial officer.

North Texas Tollway Authority

"The upgrade of all long-term ratings reflects NTTA's growing revenue base, which supports moderating leverage and will sustain net revenue debt service coverage ratio through the remaining period of escalating annual debt service requirements," the rating agency said in a statement. "All ratings are based on the NTTA's essential roadway network located in one of the fastest growing U.S. service areas that will experience continued traffic growth."

A year ago, S&P Global Ratings announced one-notch [upgrades to AA-minus for the authority's first tier bonds](#) and to A-plus for second-tier bonds. At that time, Moody's had revised its rating outlook to positive.

NTTA, which operates five toll roads, two bridges, and one tunnel, has seen traffic surpass pre-pandemic levels, according to Horatio Porter, the authority's chief financial officer.

"We serve as one of the catalysts to our area's growth with safe and reliable transportation infrastructure," he said, adding the authority continues "to structure our debt appropriately to give us as much flexibility as possible and save a little bit of money."

The upcoming refunding of first and second tier bonds through senior manager Barclays aims to fetch net present value savings of about 4.6% or \$34 million, according to Porter.

"We were able to deliver double-digit savings when the rates were at historically low levels, but 5% savings is still impressive," he said.

The deal will involve current refundings, defeasance, or an open market tender of NTTA bonds issued in 2014, 2016, 2017, and 2020, Moody's rating report said.