

RATING ACTION COMMENTARY**Fitch Affirms NC Turnpike Auth's Sr Rev Bonds and TIFIA Loan at 'BBB+'; Outlook Stable**

Mon 25 Aug, 2025 - 4:03 PM ET

Fitch Ratings - Chicago - 25 Aug 2025: Fitch Ratings has affirmed the 'BBB+' rating on the North Carolina Turnpike Authority's (NCTA) outstanding senior lien turnpike revenue bonds and subordinated Transportation Infrastructure Finance and Innovation Act loan. The Rating Outlook for all debt is Stable.

RATING RATIONALE

The rating reflects the Triangle Expressway's history of robust traffic and revenue growth and the Complete 540 expansion project's commuter-based traffic profile, supported by an expanding service area with strong population and economic growth. The rating is further supported by a commitment from the North Carolina Department of Transportation (NCDOT) to fund operating, maintenance and rehabilitation costs if toll revenues are insufficient, strengthening the bonds' gross pledge. Complete 540 is also supported by a construction completion guarantee from NCDOT during the construction phase.

Coverage metrics are pressured in the near term with mandatory debt service coverage ratios (DSCRs) averaging 1.5x through 2027 under the rating case, but are expected to improve with the ramp-up of Phase 1 and completion of Phase 2. The metrics associated with the Complete 540 project when including Phase 2 are strong under the rating case, with scheduled DSCR averaging 2.1x from 2025 through 2063.

KEY RATING DRIVERS**Revenue Risk - Volume - Midrange**

Strong Market, Continued Growth: Triangle Expressway and the planned Complete 540 extensions will serve as major alternatives to congested toll-free roadways and a key route to the main employment center in the region, Research Triangle Park. Economic activity in

the service area is expected to contribute to future traffic growth. However, with the limited number of toll roads in the area, sensitivity to annual toll rate increases remains possible due to uncertainty in overall demand and perceived value of time savings.

Revenue Risk - Price - Stronger

Rate-Making Flexibility Available: NCTA has flexibility to increase toll rates without additional legal or regulatory approvals. The expressway has a set annual rate increase schedule through 2035, with rates increasing somewhat above future projected inflation. NCTA can increase rates above the schedule. However, the expressway's short operational history creates uncertainty about support for additional rate increases beyond the expressway's pre-determined rate schedule, if necessary.

Infrastructure Dev. & Renewal - Midrange

Gross Pledge Supports Asset: The existing expressway is in new condition with limited maintenance needs expected over the intermediate term. The planned Complete 540 extensions are expected to have minimal initial capital needs as brand-new facilities when completed. Capex will be required over time to keep the road viable, but NCDOT pledges to cover the expressway's operating, maintenance and rehabilitation expenses if toll revenues are insufficient. An independent engineer is required to perform annual inspections, supporting asset preservation. The assessment is currently constrained to 'midrange' while Phase 2 is in construction.

Debt Structure - 1 - Midrange

Senior and Subordinate Debt

Back-loaded, Fixed-Rate Debt: NCTA's overall capital structure consists of fixed-rate amortizing debt with no refinance risk, though annual debt obligations escalate to maximum annual debt service in 2058 when including Complete 540 Phase 2 debt, pressuring NCTA's financial flexibility. Rate covenants are adequate, requiring toll increases to meet forward-looking minimum DSCRs of 1.3x and 1.1x on senior and total debt, respectively.

Structural reserves are sufficient with a reserve fund surety on the existing senior lien bonds. The TIFIA loan can spring to senior parity debt upon occurrence of a bankruptcy-related event, supporting a lack of differentiation in attribute scoring between liens. TIFIA benefits from a deferability provision that provides additional payment flexibility.

Financial Profile

DSCR historically increased through ramp-up and remains strong at approximately 1.6x in fiscal 2024. Fitch's rating case, including the debt for Complete 540 Phase 1 and 2, produces a scheduled DSCR averaging 2.1x from 2025 through 2063. Fitch believes that although dependent on growth, there is sufficient coverage cushion and liquidity support from the NCDOT-backed O&M and R&R guarantees to offset slower-than-expected growth.

PEER GROUP

Once stabilized, the expressway's most comparable peers would include similar stand-alone projects like Colorado's E-470 Public Highway Authority (A+/Stable) and San Joaquin Hills Transportation Corridor Agency (A-/BBB+/Positive). Triangle Expressway and its peers are all congestion reliever roadways in strong corridors that face competition from non-tolled alternate routes. The existing expressway's tolls, at a moderate \$0.20/mile for passenger cars, are lower than those of its peers, ranging from \$0.30-\$0.45/mile. However, the peers have greater franchise strength as they have substantially longer operating history.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating

Action/Downgrade

--A prolonged negative shift in operating performance resulting in Fitch's rating case mandatory DSCR sustained below 1.5x (Fitch's current rating case mandatory DSCR through 2062 is 2.1x);

--Reluctance by the authority to increase toll rates above the approved rate schedule if needed;

--Reduced support for the expressway by the state of North Carolina.

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

-- Maintenance of solid financial metrics with Fitch's rating case mandatory DSCR of at least 1.6x for a sustained period after completion of Phase 2. This compares to current rating case mandatory DSCR of 2.1x (through 2062).

SECURITY

The senior bonds are secured by a gross lien on revenue of the expressway. The TIFIA loan is secured by a lien on revenues after the payment of the senior lien bonds. TIFIA can spring to senior parity debt upon occurrence of a bankruptcy related event. Significant support is provided to both the debt and the overall system by North Carolina Department of Transportation's covenant to fund operating, maintenance and capital costs in the event expressway revenues are insufficient.

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 ♦
North Carolina Turnpike Authority (NC)		
North Carolina Turnpike Authority (NC) /Toll Revenues - First Lien/1 LT	LT BBB+ Rating Outlook Stable Affirmed	BBB+ Rating Outlook Stable
North Carolina Turnpike Authority (NC) /Toll Revenues - Second Lien/2 LT	LT BBB+ Rating Outlook Stable Affirmed	BBB+ Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

FITCH RATINGS ANALYSTS

Natalie Wang

Senior Analyst

Primary Rating Analyst

1 312 368 3110

natalie.wang@fitchratings.com

Fitch Ratings, Inc.

One North Wacker Drive Chicago, IL 60606

Gavin Weiss

Associate Director

Secondary Rating Analyst

+1 312 606 3301

gavin.weiss@fitchratings.com

Jeffrey Lack

Senior Director

Committee Chairperson

+1 312 368 3171

jeffrey.lack@fitchratings.com

MEDIA CONTACTS

Cristina Bermudez

New York

+1 212 612 7892

cristina.bermudez@thefitchgroup.com

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[Transportation Infrastructure Rating Criteria \(pub. 07 Jan 2025\) \(including rating assumption sensitivity\)](#)

[Infrastructure & Project Finance Rating Criteria \(pub. 08 Jan 2025\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

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

Third-party Model ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

North Carolina Turnpike Authority (NC)

EU Endorsed, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers.

Please read these limitations and disclaimers by following this link:

<https://www.fitchratings.com/understandingcreditratings>. In addition, the following

<https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at

<https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible

or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third- party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed. Fitch Ratings makes routine, commonly-accepted adjustments to reported financial data in accordance with the relevant criteria and/or industry standards to provide financial metric consistency for entities in the same sector or asset class.

The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade

scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001. Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

dv01, a Fitch Solutions company, and an affiliate of Fitch Ratings, may from time to time serve as loan data agent on certain structured finance transactions rated by Fitch Ratings.

Copyright © 2025 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

[READ LESS](#)

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained by Fitch at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

Fitch's solicitation status policy can be found at www.fitchratings.com/ethics.

ENDORSEMENT POLICY

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

