S&P Global Ratings

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Research Update:

Central Florida Expressway Authority Series 2026A Senior-Lien Refunding Revenue Bonds Rated 'AA-'; Outlook Stable

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Overview

- S&P Global Ratings assigned its 'AA-' long-term rating to **Central Florida Expressway Authority**'s (CFX) proposed $430.560 million series 2026A senior-lien refunding revenue bonds.
- At the same time, S&P Global Ratings affirmed its 'AA-' long-term rating on the authority's senior-lien revenue bonds outstanding.
- The outlook is stable.

Rationale

Security

Net revenue of the CFX toll system secures the authority's toll road revenue bonds.

Following this issuance, CFX will have approximately $2.7 billion of debt outstanding. All the authority's debt is fixed rate, and the authority has no interest rate swaps outstanding.

The series 2026A bond proceeds will be used to refund the series 2016A and 2016B bonds.

Credit highlights

The rating reflects our view of the authority's essential role serving a large, rapidly growing five-county region, with approximately 580 million transactions in 2025. The rating also includes a positive holistic analysis adjustment to account for CFX's status as a large regional system with critical links and a strategic location. The system has experienced favorable traffic and revenue trends, underpinned by strong rate-setting flexibility, with a long history of annual toll increases that has produced good revenue trends through different economic cycles to maintain financial margins.

The rating further reflects our view of CFX's:

- Important role as a regional infrastructure provider, with critical transportation links in a five-county region in central Florida;

- Experienced and capable management team, reflecting a history of meeting or exceeding most operational and financial goals, with detailed financial forecasts that management updates frequently to address material variances; and
- Healthy financial metrics, with debt service coverage ([DSC]; S&P Global Ratings-calculated) and debt to net revenue that we expect will remain above 1.25x and below 10x, respectively, given a history of strong revenue growth stemming from a willingness and ability to increase toll rates.

Partially offsetting the above strengths, in our opinion, are the authority's:

- Large five-year work plan totaling approximately $4.5 billion, which CFX expects to be funded in part with $2.7 billion in additional debt and cash on hand; and
- Some competition from toll-free roads.

Environmental, social, and governance

We analyzed CFX's environmental, social, and governance factors relative to the authority's market position, management and governance, and financial performance. We believe CFX has exposure to physical climate risks associated with extreme weather events, which could leave the service area vulnerable to hurricanes that bring storm surges, inland flooding, and destructive wind events. Favorable demographic trends and economic growth within the central Florida region support long-term credit stability, which represents a social opportunity that generates demand for the system. We consider the authority's governance factors as neutral in our rating analysis.

Outlook

The stable outlook reflects our expectation that generally favorable traffic volume and revenue growth will support CFX's healthy financial metrics despite its plans to issue additional debt to fund its large work plan.

Downside scenario

Although unlikely, we could lower the rating if the authority is unable to maintain financial metrics comparable with recent levels, or if traffic volumes are weaker than expected, suggesting characteristics consistent with a lower rating.

Upside scenario

We could raise the rating if the authority experiences a significant increase in traffic volumes that we believe is sustainable, while maintaining financial metrics consistent with a higher rating.

Credit Opinion

Enterprise Risk Profile: Very Strong

Multi-asset system providing important linkages to a large, growing service area

The expressway system consists of several contiguous segments totaling 125 centerline miles in the Orlando metropolitan statistical area. It connects the growing residential areas east and west of the city to downtown. There are eight limited-access expressways: the East-West Expressway, the Central Florida GreeneWay, the Beachline Expressway, the Western Beltway/Wekiva Parkway, the John Land Apopka Expressway, the Western Beltway Connector, SR 453, and the Poinciana Parkway.

Since 2014, transactions and available toll revenue have grown at compound annual rates of 5.3% and 8%, respectively. Fiscal 2026 year-to-date toll transactions and toll revenue for the 10 months ended April, 30, 2026, increased by 11% and 1.8%, respectively, compared with the prior-year period. Population growth and tourism continue to support both visitor-related and commuter traffic on the system. We expect traffic volumes will increase at a modest pace year over year, while toll revenues will generally benefit from annual toll rate increases.

Management insights: Effective management actions ensure a resilient and sustainable system

Management has very detailed capital planning, budgeting, and financial reporting practices that it updates annually. When project planning, management considers the region's growth and capacity needs. For planning purposes, CFX has a debt policy target of no less than 1.6x DSC, which it has well exceeded historically. The authority aims to maintain a minimum of 365 days' cash on hand and projects maintaining an average of 451 days over the next five years as it funds its work plan. The board policy also includes annual toll increases adjusted to the higher of 1.5% or the Consumer Price Index. The latest toll rate increase was 2.96%, effective July 1, 2025, with plans to increase rates by 2.23% on July 1, 2026.

Financial Risk Profile: Strong

Robust financial margins and generally stable-to-growing demand will continue to support healthy financial metrics

Our financial risk profile assessment considers CFX's historical performance and updated financial forecast incorporating approximately $2.7 billion in additional debt plans through 2031 to fund a portion of its $4.5 billion work plan (2027 to 2031). Given the authority’s generally stable-to-growing demand trends, annual toll rate increases, and healthy financial margins, we believe CFX has sufficient capacity to absorb the additional debt while maintaining DSC above 1.25x and debt-to-net revenue below 10x. Although CFX plans to use free cash flow from ongoing operations to fund a portion of its capital improvement plan, management does not expect to materially draw down reserves, and we believe it has sufficient liquidity and excess revenues through robust operating margins to maintain strong financial metrics.

Central Florida Expressway 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

Central Florida Expressway Authority--ratings score snapshot

Debt and liabilities	2
Liquidity and financial flexibility	3

Central Florida Expressway Authority, Florida--financial and operating data

	--Fiscal year ended June 30--				Medians for 'AA' category rated toll roads
	2028 projected	2025	2024	2023	2024
Financial performance					
Total operating revenue ($000s)	786,449	760,379	720,594	644,567	416,479
Plus: interest income ($000s)	3,030	36,348	30,706	23,411	MNR
Less: total O&M expenses and like transfers out, if any, net of noncash expenses	156,411	154,318	155,782	153,259	169,267
Numerator for S&P Global Ratings' coverage calculation ($000s)	633,068	642,409	595,518	514,719	MNR
Total debt service ($000s)	281,062	230,064	209,403	211,686	142,877
Denominator for S&P Global Ratings' coverage calculation ($000s)	281,062	230,064	209,403	211,686	MNR
S&P Global Ratings-calculated coverage (x)	2.25	2.79	2.84	2.43	2.27
Debt and liabilities					
Debt ($000s)	3,944,840	2,792,040	2,778,375	2,871,645	2,111,394
EBIDA ($000s)	630,038	606,061	564,812	491,308	MNR
S&P Global Ratings-calculated net revenue ($000s)	633,068	642,409	595,518	514,719	319,212
Debt to net revenue (x)	6.2	4.3	4.7	5.6	4.5
Debt to EBIDA (x)	6.3	4.6	4.9	5.8	4.5
Liquidity and financial flexibility					
Unrestricted cash and investments ($000s)	193,264	390,307	376,744	480,173	346,238
Available liquidity, net of contingent liabilities ($000s)	193,264	390,307	376,744	480,173	MNR
Unrestricted days' cash on hand	451.0	923.2	882.7	1,143.6	849.0
Available liquidity to debt (%)	4.9	14.0	13.6	16.7	19.0
Operating metrics - toll road					
Total toll revenue ($000s)	780,400	743,695	704,760	631,728	MNR
Toll transactions (000s)	611,500	580,959	572,235	513,349	118,025

O&M--Operations and maintenance. EBIDA = Total operating revenue - total O&M expenses excl. noncash expenses. MADS--Maximum annual debt service. 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

Ratings List	
US$430,560,000 Central Florida Expressway Authority, Senior Lien Refunding Revenue Bonds, Series 2026A, dated: Date of Delivery, due: July 01, 2040	
Long Term Rating	AA-/Stable
Ratings Affirmed	
Transportation	
Central Florida Expressway Authority, FL Toll Facility Revenues	AA-/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.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.