

### Rating Action: Moody's Ratings assigns Aa2 to Harris County Toll Road Authority, TX's Series 2025A bonds; outlook stable

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New York, November 10, 2025 -- Moody's Ratings (Moody's) has assigned an Aa2 rating to Harris County Toll Road Authority, TX's (HCTRA) expected \$250 million Toll Road First Lien Revenue Refunding Bonds, Series 2025A. HCTRA also has \$1.05 billion of outstanding senior lien revenue bonds rated Aa1 and \$1.61 billion first lien revenue bonds rated Aa2. The outlook is stable

#### RATINGS RATIONALE

The Aa1 and Aa2 ratings reflect HCTRA's strong market position that includes 830 lane miles in the Houston metro area. HCTRA's toll road system plays a critical role within the region's transportation network system that serves a large, rapidly growing and increasingly diverse economy heavily dependent on surface transportation for commuting. We project that HCTRA will maintain strong financial metrics over the next five years despite a sizable capital plan, although we expect that the capital plan will be implemented over a longer time period than previously projected. HCTRA's new projects will provide for increased transactions and revenue. HCTRA also benefits from a recently signed tolling services agreement with Texas Department of Transportation that provides for additional revenue and greater operational efficiencies on toll collection.

Strong DSCRs (2.35x average over the past two years) and liquidity (approximately \$1.26 billion in available cash and investments at fiscal year ending September 30, 2024) also mitigate potential revenue disruptions from localized flooding events in the region, an environmental risk in our ESG framework. The open flow of funds that supports substantial annual transfers out of the authority to the county for mobility projects is credit weakness, though the financial strength of Harris (County of) TX (Aaa stable) and HCTRA's adopted policy to maintain 730 days cash on hand limit the potential that excess draws would weaken the toll road system's financial health.

The rating distinction between the Aa1 senior lien bonds and the Aa2 first lien bonds reflects HCTRA's covenant to close the senior lien to new debt issues and HCTRA's plan to gradually move debt issued on the senior lien to the new first lien that is subordinate to senior lien bonds. First lien bonds are the working lien and with the current issuance, first lien bonds will make up the majority of outstanding debt. The senior lien will diminish over time given HCTRA's plans to refinance the debt only when current refunding opportunities present themselves.

#### RATING OUTLOOK

The stable outlook reflects our expectations that HCTRA will implement rate increases in fiscal 2026 consistent with its stated toll policy. We expect revenue growth to exceed 4% annually, supporting total net revenue debt service coverage near 2.25x and adjusted debt to operating revenue peaking at 4.5x over the forecast period. However, credit metrics remain tight, and the authority has limited flexibility to absorb slower revenue growth or higher-than-anticipated capital costs funded by debt without pressure on the current rating.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- We do not expect the Aa1 rating on the senior lien debt or the Aa2 rating on the first lien bonds to go up in the medium term given the large amount of debt expected to be issued over the next several years

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Failure to adhere to new toll rate escalation policy without reductions in the capital plan

- Total DSCR below 2.0x
- Adjusted debt to operating revenue above 5.0x
- Days cash on hand below 400 days

## PROFILE

HCTRA operates a multi-asset tollway system spanning 128 center lane miles and 830 lane miles across the Houston metro area. The system recorded 653.2 million transactions in fiscal 2024, with passenger vehicles comprising 95.2% of volume and generating 81.9% of revenue. The authority is implementing all-electronic tolling through fiscal 2029 and updated its toll rate policy in September 2023 to include annual increases tied to CPI or 2%.

## METHODOLOGY

The principal methodology used in this rating 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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