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Fitch Rates Illinois State Toll Highway Authority Senior Revenue Bonds 'AA-'; Outlook Stable

Fitch Ratings - Chicago - 24 Oct 2025: Fitch Ratings has assigned a 'AA-' rating to the Illinois State Toll Highway Authority's (ISTHA) approximately \$500 million series 2025A senior revenue bonds. Fitch has also affirmed the 'AA-' rating on approximately \$7 billion outstanding senior revenue bonds. The Rating Outlook for all the bonds is Stable.

RATING RATIONALE

The rating reflects the essentiality of the tollway system, evidenced by its long-term growing traffic base and moderate price elasticity. The rating further reflects the ISTHA's prudent debt management, with strong historical and projected debt service coverage ratios (DSCRs), while a major capital program is underway. The potential risks posed by ISTHA's sizable capital program are largely mitigated by a history of delivering capital programs on time and under budget, a very strong balance sheet position, and a proactive history of toll rate hikes when needed.

KEY RATING DRIVERS

Revenue Risk - Volume - High Stronger

Essential Road Network with Stable Demand

The tollway system provides critical transportation links that serve the Chicago and northern Illinois metropolitan areas, providing key connections to interstate highways. ISTHA has a history of consistent growth in both commercial and passenger vehicles, attesting to demand in the reference market. Price elasticity has proven relatively inelastic for passenger traffic and even more so for commercial vehicles. The network benefits from a passenger vehicle base comprised mostly of commuters.

Revenue Risk - Price - Stronger

Demonstrated Rate-Making Flexibility

ISTHA has full legal authority to adjust toll rates at its discretion without limitation. The authority has a multi-decade history of implementing occasional and significant rate hikes to sustain a strong financial profile and limit borrowing needs. Future toll increases beyond the authorized annual inflationary commercial rate increases are uncertain.

Infrastructure Dev. & Renewal - Stronger

The revision to 'Stronger' from 'Midrange' reflects the progression of the Move Illinois capital program and the intent for the Bridging the Future capital program to be funded solely from excess cash flows.

Large Capital Plan Partially Debt Funded

ISTHA's system requires significant capital expenditures (capex) to maintain the condition of the system, as evidenced by the large Move Illinois and Bridging the Future capital programs. Funding is expected to come from new money debt issuances and cash flow, supported by recent and future toll increases. The authority has a strong track record of completing sizable programs on time and under budget.

Debt Structure - 1 - Stronger

Conservative Debt Profile

All debt is senior lien and fully amortizing. Furthermore, ISTHA has taken steps to stabilize its capital structure as evidenced by eliminating its variable rate exposure and transitioning to all fixed-rate debt. Structural features are strong overall, and the authority maintains cash- and surety-funded debt service reserve funds with a combined balance sized to maximum annual debt service.

Financial Profile

The current tollway system's \$7.0 billion debt burden is expected to increase to \$8 billion in conjunction with the completion of the Move Illinois capital program. However, the authority's net debt-to-cash flow available for debt service (CFADS) is moderate at approximately 4.4x for fiscal 2024 and is not expected to rise above 5.0x, including the complete funding for the Move Illinois program. By fiscal 2031, leverage is expected to decline below 4.0x in Fitch's rating case.

ISTHA's DSCR has historically been above 2.0x. DSCR increased from 2.3x in fiscal 2023 to 2.5x in fiscal 2024. Fitch's rating case 10-year average DSCR is 2.2x. Strong liquidity of over 850 days cash on hand as of fiscal 2024 provides the authority with additional financial flexibility, although this is expected to contract to partly fund the Move Illinois program.

PEER GROUP

The most comparable Fitch-rated large expressway network peers include Harris County Toll Road Authority (HCTRA; AA/Stable) and Central Florida Expressway Authority (CFX; A+/A/Positive), despite ISTHA's significantly larger annual volume and toll revenue base. The authority has higher coverage than CFX, but lower coverage and greater capital needs compared to HCTRA, which largely explains its rating relative to these peers.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Fitch rating case 10-year average DSCR falling below 1.8x. This compares to the current rating case

10-year average DSCR of 2.2x.

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

-- Fitch rating case 10-year average DSCR above 2.4x, including all future debt issuances.

TRANSACTION SUMMARY

The authority plans to issue \$500 million of senior revenue bonds, series 2025A. Bond proceeds will fund a portion of the costs for the Move Illinois program. The program began in 2012 and is scheduled for completion in 2028. The bonds will be fixed rate, on parity with existing senior revenue bonds, and will fully amortize through 2047. These bonds are expected to price by the end of October 2025.

CREDIT UPDATE

Total transactions in fiscal 2024 increased by 2.4% compared with the prior year and 2.7% above Fitch's previous base case, highlighting continued growth in a relatively mature system. Passenger transactions rose 2.4% in the first eight months of 2025 compared with the same period in 2024, while commercial transactions increased 0.9% over the same period.

Toll revenues for fiscal 2024 increased 4.4% compared with the prior year and 2.3% above Fitch's previous base case. The annual commercial toll increase primarily drove higher toll revenues. The tollway's fiscal 2024 total operating revenues were approximately \$1.7 billion, an increase of 6.1% from fiscal 2023. Operating expenses increased 1.3% compared with the previous fiscal year. Fiscal 2024 DSCR rose to 2.5x from 2.3x in fiscal 2023, mainly due to controlled operating expenses, continued traffic growth and the annual commercial toll increase.

The authority plans to issue approximately \$1.5 billion in additional senior bonds, including the series 2025A bonds, on parity with all outstanding senior bonds. Proceeds will finance a portion of the Move Illinois program's costs. The amount and timing are estimates and subject to change.

In December 2024, the authority approved a new program to bridge the current Move Illinois program and future needs called Bridging the Future. The seven-year program is expected to total \$2 billion to complement projects currently underway and cover the gap between the next long-term program. The plan is expected to be funded fully through toll revenues without need for passenger toll rate adjustments or additional debt issuances.

As cash flow and the overall program schedule permit, the authority may adjust the timing of individual projects within existing budgets to reduce project costs, minimize construction impacts on commuters, or optimize the use of available resources in response to temporary delays.

FINANCIAL ANALYSIS

Fitch adopts traffic and revenue from the authority's consultant case as its base case. ISTHA's traffic increases at a compound annual growth rate (CAGR) of 1.8% through fiscal 2034. Operating expenses grow at a CAGR of 4.1% for the forecast term. The 10-year average DSCR is 2.3x and does not drop

below 2.2x, assuming no further passenger car toll rate increases. This scenario includes an anticipated \$1.5 billion in new money bonds, including the series 2025A bonds, for the Move Illinois program. Although debt outstanding grows to \$8 billion by the end of the program, leverage peaks at 4.8x in fiscal 2027. The base case results in year-five net debt to CFADS of 4.1x in fiscal 2029.

Fitch's rating case assumes more conservative traffic growth and a less positive impact on transactions from the Move Illinois capital improvements, such that total traffic grows at a 1.3% CAGR through fiscal 2034. Operating expenses grow at 50 bps higher than the base case each year. All additional Move Illinois debt service is modeled identically to the base case. Under this scenario, the 10-year average DSCR, assuming no further passenger toll increases, is 2.2x. Leverage is 4.3x in fiscal 2029.

In addition, Fitch analyzed MADS coverage using projected fiscal 2025 CFADS from its rating case. Coverage is 1.9x, indicating limited reliance on growth, as the fiscal 2025 CFADS can cover the projected escalation in annual debt service from additional Move Illinois borrowing. The tollway's strong franchise strength, combined with its robust financial metrics and very limited dependence on growth, remains commensurate with the 'AA' category rating.

SECURITY

The authority's debt is secured by a pledge and lien on the net revenues of the tollway system. Net revenues are defined in the indenture as the annual revenue of the system less operating expenses. Revenues exclude transfers to the revenue fund from the construction fund, and transfers to the trustee by the authority from the system reserve account, the improvement account, or the renewal and replacement account. According to bond counsel, the Build America direct payment subsidy is not treated as revenues under the indenture.

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>.

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Illinois State Toll Highway Authority (IL)			
• Illinois State Toll Highway Authority (IL) /Toll Revenues - First Lien/ 1 LT	LT	AA- 	Affirmed
			AA- 

RATINGS KEY OUTLOOK WATCH**POSITIVE**

RATINGS KEY OUTLOOK WATCH

NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

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

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

Applicable Models

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

GIG AST Model, v1.4.2 [\(1\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Illinois State Toll Highway Authority (IL) EU Endorsed, UK Endorsed

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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.

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