

# MOODY'S

## RATINGS

### **Rating Action: Moody's assigns Aa1 to MATC, WI GO notes; outlook stable**

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11 Mar 2024

New York, March 11, 2024 -- Moody's Ratings has assigned a Aa1 rating to Milwaukee Area Technical College District, WI's (MATC) General Obligation Promissory Notes, Series 2023-24J, with a proposed par amount of \$1.5 million. Moody's maintains a Aa1 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the district will have about \$106.3 million of GOULT debt outstanding. The outlook is stable.

#### RATINGS RATIONALE

The Aa1 rating reflects the district's strong financial position supported by recent operating surpluses which, coupled with proactive management, will largely offset its limited ability to raise new revenue and provide a buffer should enrollment declines resume. Although the district has modest resident income and wealth ratios, median family income is below 85% of the US, the district benefits from a very large and diverse tax base that includes the City of Milwaukee (A3 stable) and surrounding communities in Milwaukee County (Aa3 stable) and Ozaukee County (Aaa stable). The district's leverage is relatively low, combined debt and pensions are less than 200% of revenue.

#### RATING OUTLOOK

The stable outlook reflects our expectation that the district will maintain financial operations in line with the current rating through prudent management of expenditures, which is critical given the district's limited revenue-raising flexibility.

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

- Sustained strengthening of demand that drives an improved enrollment trend
- Continued growth in reserves or enhanced budgetary flexibility

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

- Substantial weakening of the regional economy or resident income levels
- Declines in financial reserves to levels below 30% of revenue
- Increased leverage to more than 250% of revenue

## LEGAL SECURITY

Debt service on the district's GOULT debt, including the current issuance, is supported by a designated property tax not limited by rate or amount.

## USE OF PROCEEDS

Proceeds will finance projects included in the district's building remodeling and improvement program.

## PROFILE

Milwaukee Area Technical College District is one of the largest technical college systems in Wisconsin (Aa1 stable), providing vocational education to residents of Milwaukee County, the majority of Ozaukee County, and small portions of Washington (Aaa) and Waukesha (Aaa stable) counties.

## METHODOLOGY

The principal methodology used in this rating was US Special Purpose District General Obligation Debt Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/394972>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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