

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns initial Baa3 to Travis County MUD 20, TX's GO bonds

29 Apr 2024

New York, April 29, 2024 -- Moody's Ratings (Moody's) has assigned an initial Baa3 rating to Travis County Municipal Utility District 20, TX's \$15.9 million Unlimited Tax Road Bonds, Series 2024. The district has \$38.4 million of GOULT debt outstanding.

RATINGS RATIONALE

The initial Baa3 rating reflects the district's rapidly growing tax base valued at \$438 million favorably located near Austin and strong resident income levels. The rating also considers the district's narrow and nominal financial reserves that are expected to improve given budgeted surplus operations for the current fiscal year. The rating also considers the district's high debt burden of 8.8% of the assessed value that will remain elevated given plans for additional debt to continue development and reimburse developers. Governance is also considered in the rating as a key consideration as the district does not have active management or employees. Positively the district does not have pension or other post-employment liabilities.

RATING OUTLOOK

Moody's Ratings does not assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Significant growth in taxable values
- Improvement in financial reserves, typically above 100% of revenues
- Significant moderation of the debt burden

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Increase in debt burden well above the typical level for Baa3 MUD (generally

around 10% of full value)

- Reduction in reserves to a level that is no longer consistent with Baa peers
- Economic contraction or decline of taxable values

LEGAL SECURITY

The bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District.

USE OF PROCEEDS

Proceeds of the bonds will be used to reimburse the developer and capitalize 12 months of interest

PROFILE

The district contains approximately 714 acres of land after an annexation of approximately 93 acres of land and exclusion of approximately 134 acres of land in August 2017. The District is comprised of two non-contiguous tracts of land located entirely within Travis County and within the city limits of the City of Leander, which is located approximately 25 miles northwest of the central business district of the City of Austin, Texas.

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.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1355824.

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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