

## CREDIT OPINION

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# Meyer Ranch Municipal Utility District, TX

## Update to credit analysis

### Summary

The credit profile of [Meyer Ranch Municipal Utility District, TX's](#) (Baa2) reflects a growing tax base and improving fund balance, though reserves remain below peers. The district has a high debt burden that is expected to persist due to future borrowing plans.

### Credit strengths

- » Rapidly growing tax base
- » Strong resident income
- » No pension or OPEB liabilities

### Credit challenges

- » Below median reserves
- » High debt burden with slow principal amortization and additional borrowing plans

### Rating outlook

We do not assign outlooks to local government issuers with this amount of debt outstanding.

### Factors that could lead to an upgrade

- » Material decline in the debt burden to levels that fall well below 8% of assessed values
- » Continued surplus operations resulting in materially bolstered reserves to levels that exceed 100%, which is typical for the sector.

### Factors that could lead to a downgrade

- » Economic contraction or decline in assessed value
- » Trend of imbalance financial operations leading to a reduction of reserves that falls below current expectations of about 70%.

## Key indicators

Exhibit 1

### Meyer Ranch Municipal Utility District, TX

	2020	2021	2022	2023	2024
<b>Economy/Tax Base</b>					
Total Full Value (\$000)	\$18,745	\$39,325	\$124,271	\$226,102	\$296,585
Population	459	721	1,229	1,831	2,114
Full Value Per Capita	\$40,838	\$54,543	\$101,115	\$123,486	\$140,296
Median Family Income (% of US Median)	125.7%	127.8%	128.5%	132.0%	132.0%
<b>Finances</b>					
Operating Revenue (\$000)	\$1,567	\$1,432	\$1,823	\$2,344	\$3,529
Fund Balance (\$000)	\$67	\$546	\$1,258	\$1,870	\$2,378
Cash Balance (\$000)	\$230	\$588	\$1,243	\$1,819	\$2,890
Fund Balance as a % of Revenues	4.3%	38.1%	69.0%	79.8%	67.4%
Cash Balance as a % of Revenues	14.7%	41.0%	68.2%	77.6%	81.9%
<b>Debt/Pensions</b>					
Net Direct Debt (\$000)	\$2,745	\$9,935	\$16,950	\$16,825	\$44,750
3-Year Average of Moody's ANPL (\$000)	-	-	-	-	-
Net Direct Debt / Full Value (%)	14.6%	25.3%	13.6%	7.4%	15.1%
Net Direct Debt / Operating Revenues (x)	1.8x	6.9x	9.3x	7.2x	12.7x
Moody's - ANPL (3-yr average) to Full Value (%)	-	0.0%	0.0%	0.0%	0.0%
Moody's - ANPL (3-yr average) to Revenues (x)	-	0.0x	0.0x	0.0x	0.0x

Sources: US Census Bureau, US Bureau of Economic Analysis, Meyer Ranch Municipal Utility District, Tx's financial statements and Moody's Ratings

## Profile

Meyer Ranch MUD encompasses 736 acres within [Comal County, TX](#) roughly 10 miles northwest of the [City of New Braunfels](#) and within [Comal Independent School District](#). The district has an estimated population of 2,800.

## Detailed credit considerations

The district's tax base will continue to exhibit growth, supported by home construction and available land for development. For fiscal 2026, the assessed valuation (AV) grew to \$336 million. As of August 1, 2025 there were 845 completed single family homes, 77 homes under construction, and 265 lots available for new home construction. There are approximately 110 acres that remain developable with expected lot development within the next four years.

Financial operations are improving and this trend will likely continue given a growing tax base with limited operating risk. Fiscal 2025 (Sept. 30 year-end) year to date results show a surplus of about \$100,000, which exceeds the budget. If realized, general fund balance will improve to \$1.2 million or 70% of revenue. Including the debt service fund, the operating fund will close with a fund balance of about \$3 million or near 70% of revenue.

The debt burden is elevated and will remain so given additional borrowing plans and slow principal amortization (23% retired in 10 years). Including the proposed Series 2025 bonds, the debt burden will be an elevated 16.1% of fiscal 2026 assessed value. After the current offering, the district will owe developers roughly \$12 million for previously completed capital outlay. New debt is expected over the next two years, depending on sufficient AV growth.

## ESG considerations

### Environmental

The local government sector generally has low exposure to environmental risks. The district's exposure to rising environmental risks is moderate compared to peer districts. The district has medium exposure to heat stress, water stress, and extreme rainfall. Favorably, state governments help mitigate these exposures. The State of Texas has taken action to help mitigate water stress risk within its

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borders by issuing general obligation debt through the Texas Water Development Board (TWDB) since the 1950s to finance a variety of water conservation and supply projects.

### Social

Although the district is largely residential and exposed to social challenges posed by demographic, housing, and income trends, its proximity to a major metropolitan area (San Antonio) supports stability. Income levels in the area, using Comal ISD as a proxy, are above average with a median family income equal to 132% of the US (2023 American Community Survey).

### Governance

The district is governed by a board of directors, consisting of five directors serving four-year staggered terms. Although the district does not have any employees, which is typical for MUDs, the district contracts out for critical needs including bookkeeping and other financial services. The district is subject to oversight by the Texas Commission of Environmental Quality.

Texas MUDs have an Institutional Framework score of Aa, which is strong compared to the nation. Property taxes, one of the sector's major revenue sources, are not subject to any caps for debt service. MUDs that are considered over 95% developed are subject to a property tax cap of 3.5% for maintenance and operations. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs specifically for debt service are generally greater than 25% of expenditures. MUDs have no full-time employees. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

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