MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Baa2 to Springhollow MUD, TX's GOs, Ser. 2025

09 Oct 2025

New York, October 09, 2025 -- Moody's Ratings (Moody's) has assigned Baa2 ratings to Springhollow Municipal Utility District, TX's proposed $7.5 million Unlimited Tax Bonds, Series 2025 and $2 million Unlimited Tax Road Bonds, Series 2025A. We maintain a Baa2 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Post-sale, the district will have approximately $50.9 million of GOULT debt outstanding.

RATINGS RATIONALE

The Baa2 rating reflects the district's small yet rapidly growing tax base, elevated debt burden, and its strong and stable financial position. Certified fiscal 2026 assessed valuation (AV) reached approximately $337 million, which is in line with the Baa2 median and reflects a 12.1% increase from the previous year. The latest AV estimate as of Aug. 7, 2025 shows continued growth to $366.6 million, which is indicative of the solid pace of homebuilding.

The rating also considers the likelihood of a persistently elevated debt burden given the district's slow principal amortization schedule and outstanding developer reimbursements. However, there are no immediate plans to issue additional debt following this sale. Including the Series 2025 and 2025A bonds, the debt burden reached 15.1% of fiscal 2026 AV, though it falls slightly to 13.9% of the Aug. 2025 estimate. Post-sale, the district will owe developers roughly $8 million for capital contributions, which it plans to repay through additional debt issuance as taxable value grows.

The rating further incorporates the district's healthy available fund balance which stands at 143.6% of operating revenue. Fiscal 2025 year-to-date results through June show a strong surplus, which will keep fund balance stable at approximately 146.8% of revenue. The fiscal 2026 proposed budget includes another surplus, which will maintain the district's strong financial position.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Significant growth in taxable values above $500 million

- Reduction of the debt burden to below 7% of assessed value

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Structural imbalance leading to a decline in reserves below 100% of revenue

- Significant increase in debt burden relative to full value and revenue

- Trend of declining taxable valuation

PROFILE

The district is comprised of about 532 acres located in north central Hays County, about 20 miles southwest of downtown Austin. The district is being developed as Parten Ranch, an entirely residential community, and the population is currently estimated at about 1,386 residents based on 3.5 residents per occupied home. The district is not responsible for utility operations; water service is provided by the West Travis Co. Public Utility Agency and wastewater service is provided by Hays Co. MUD 5, TX.

METHODOLOGY

The principal methodology used in these ratings was US Special Purpose District General Obligation Debt published in February 2025 and available at https://ratings.moodys.com/rmc-documents/437940. 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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