MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Aa3 UND & Aaa ENH to London ISD, TX's new GO's

29 Oct 2025

New York, October 29, 2025 -- Moody's Ratings (Moody's) has assigned Aa3 underlying and Aaa enhanced ratings to London Independent School District, TX's Unlimited Tax School Building Bonds, Series 2025 with an anticipated par amount of about $7.5 million. We maintain the district's Aa3 issuer and general obligation unlimited tax (GOULT) ratings. Post-issuance, the district will have approximately $95 million of debt outstanding.

RATINGS RATIONALE

The Aa3 issuer rating reflects the district's solid economy, robust enrollment growth, and healthy financial profile. The enrollment trend is strong, with a three-year CAGR of more than 8% and resident incomes and full value per capita are very strong at more than 300% and almost $300,000, respectively. These metrics are expected to remain strong due to ongoing residential and commercial development as well as population growth.

The available fund balance ratio is strong at 43% of fiscal 2024 (ending Aug 31) revenue and will remain solid following a modest decline in fiscal 2025 driven mostly by salary increases. Positively, the district expects increased state funding to somewhat offset the increased expenditure. The district is conservatively budgeting for balanced operations in fiscal 2026.

The primary credit challenge remains an elevated long term liabilities ratio that exceeds 500%, driven by a very large debt burden to support continued enrollment growth. The district is also exposed to some economic concentration in energy production and the increased risk of severe weather events given its proximity to the Texas Gulf coast which can lead to unexpected expenditures.

The Aa3 rating assigned to the district's general obligation unlimited tax bonds is at the same level as the district's issuer rating, based on its unlimited property tax pledge dedicated to pay debt service.

The Aaa enhanced rating is based on the rating of the Texas Permanent School Fund (PSF) and the structure and legal protections of the transaction which provide for timely payment by the PSF if necessary. We currently rate the Texas Permanent School Fund Aaa.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained decline of long-term liabilities below 250%

- Material economic growth and diversification

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Reduction of available fund balance or liquidity below 25% of revenue

- Additional leverage absent corresponding revenue growth that increases long-term liabilities close to 700% and fixed cost in excess of 30% of operating revenue

- Material and/or sustained economic downturn resulting in weakened resident income or full value per capita

PROFILE

London Independent School District is located just outside Corpus Christi, TX with an economy centered on agriculture and industrial development. The current enrollment estimate is just over 1,800 students.

METHODOLOGY

The principal methodology used in the underlying rating was US K-12 Public School Districts published in July 2024 and available at https://ratings.moodys.com/rmc-documents/425431. The principal methodology used in the enhanced rating was Guarantees, Letters of Credit and Other Forms of Credit Substitution Methodology published in July 2022 and available at https://ratings.moodys.com/rmc-documents/386295. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of these methodologies.

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.

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proposed to be listed on Indian stock exchanges.

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