MOODY'S RATINGS

Rating Action: Moody's Ratings assigns Baa2 to Williamson Co. MUD No. 25, TX's GOs, Ser. 2026

21 Nov 2025

New York, November 21, 2025 -- Moody's Ratings (Moody's) has assigned a Baa2 rating to Williamson County Municipal Utility District No. 25, TX's proposed $7 million Unlimited Tax Bonds, Series 2026. We maintain a Baa2 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Post-sale, the district will have approximately $65.7 million of GOULT debt outstanding.

RATINGS RATIONALE

The Baa2 rating reflects the district's rapidly growing yet moderately sized tax base favorably located north of Austin. Certified fiscal 2026 assessed valuation (AV) reached approximately $611.4 million, which is above the Baa2 median and reflects a 40.8% increase from the previous year and is indicative of the solid pace of homebuilding within the district. Resident income levels are above average at 126.5%, using Georgetown Independent School District as a proxy.

The rating is constrained by the likelihood of a persistently elevated debt burden given the district's slow principal amortization schedule and outstanding developer reimbursements. Including the Series 2026 bonds, the debt burden reaches approximately 10.7% of fiscal 2026 AV which is above the median for the rating category. Post-sale, the district will owe developers approximately $30.2 million for water, wastewater and drainage facilities as well as $10.7 million for road improvement and $3 million for recreational facilities.

The rating also considers the district's general fund reserves which, at $858,000 as of fiscal 2024, are nominal on a dollar basis yet adequate given the district's limited operations. Including the debt service fund, available fund balance totals $3.3 million or approximately 106.7% of revenue, which is strong though slightly below the Baa2 median. Fiscal 2025 unaudited results show another year of surplus operations which will keep fund balance stable at approximately 100% of revenue. The fiscal 2026 approved budget includes a small surplus which will still maintain the district's healthy 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 RATING

- Tax base growth well above $600 million in conjunction with a moderation of debt burden below 8% of AV

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Increase in debt burden to over 13% of assessed valuation

- Trend of operating deficits that materially reduce reserves

- Significant and/or prolonged tax base contraction

PROFILE

Williamson County MUD No. 25 is comprised of about 682.1 acres located in western Williamson County within the boundaries of both Georgetown Independent School District and Leander Independent School District. The district is an entirely residential community with a population of approximately 3,588 residents. The district is not responsible for utility operations; water and wastewater service is provided by the City of Georgetown.

METHODOLOGY

The principal methodology used in this rating 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.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

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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