



Rating Action: Moody's Ratings assigns Baa1 to Palmera Ridge MUD, TX's Ser. 2026 GOULT

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New York, September 01, 2026 -- Moody's Ratings (Moody's) has assigned a Baa1 rating to Palmera Ridge Municipal Utility District, TX's Unlimited Tax Bonds, Series 2026 to be issued with a proposed par amount of \$4 million. We maintain the district's Baa1 issuer and general obligation unlimited tax (GOULT) debt ratings. Post issuance, the district will have approximately \$34.5 million in GOULT debt outstanding.

RATINGS RATIONALE

The Baa1 rating reflects the district's solid financial profile, as well as its favorable location north of Austin that is driving strong resident income of 176%, using the City of Leander as a proxy. Post issuance, projections for fiscal 2026 (Sept. 30 year-end) indicate the district's available fund balance and liquidity ratios improving to a strong 102% and 112% of revenue respectively. Similar robust levels will persist in fiscal 2027 with the budget reflecting a very modest surplus. The district's available fund balance to liabilities ratio will decline to 6.6% at fiscal year end 2026. The long-term liabilities to full value ratio will increase to 5.9% as of fiscal 2026 certified values, reflecting elevated leverage that is slightly below the Baa1 median. These high levels will persist as district management indicates that additional debt issuance over the next 18 to 24 months is likely, contingent on continued assessed valuation growth and the district's ability to maintain its targeted tax rate while fully funding operations.

The Baa1 rating assigned to the GOULT bonds is at the same level as the issuer rating based on the pledge of an unlimited property tax that is dedicated for debt service and levied upon all taxable property within the district.

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

- Moderation of long-term liabilities to full value ratio below 4%
- Improvement of available fund balance to liabilities ratio above 12.5%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Increase in long-term liabilities to full value ratio above 8%
- Trend of deficit operations that materially reduces the available fund balance to liabilities ratio below 5%

PROFILE

Palmera Ridge Municipal Utility District consists of 427 acres in Williamson County, approximately 27 miles northwest of the City of Austin. The district is located wholly within the corporate limits of the City of Leander. Population for the district as of 2026 is estimated at 3,385.

METHODOLOGY

The principal methodology used in these ratings was US Special Purpose Districts published in June 2026 and available at <https://ratings.moodys.com/rmc-documents/466687>. 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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