MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aa1 to MATC, WI's GO notes; outlook stable

13 Feb 2020

New York, February 13, 2020 -- Moody's Investors Service assigns a Aa1 rating to Milwaukee Area Technical College District, WI's (MATC) $1.5 million General Obligation Promissory Notes, Series 2019-20I. We maintain the Aa1 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the district will have $106.5 million of outstanding GOULT debt, all rated by Moody's. The outlook is stable.

RATINGS RATIONALE

The Aa1 rating reflects the district's strong financial position bolstered by recent operating surpluses. The rating also incorporates the district's large and diverse tax base encompassing the greater City of Milwaukee (A1 negative) region, modest socioeconomic indices, limited revenue raising flexibility, modest debt burden, and moderate pension burden.

RATING OUTLOOK

The stable outlook reflects our expectation that the district will maintain financial operations in line with the current rating through prudent management of expenditures, which is critical given the district's limited revenue raising flexibility and trend of declining enrollment.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Significant improvement in resident demographic profile

- Enhanced budgetary flexibility that could arise from growing enrollment or relaxed statutory restrictions on raising local revenue

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Weakened demographic profile or deterioration of the district's tax base

- Narrowed financial reserves

- Growth in the district's debt or pension burden

LEGAL SECURITY

Debt service on the district's general obligation debt, including the current notes, is secured by its pledge to levy a designated property tax not limited by rate or amount.

USE OF PROCEEDS

Proceeds will finance various building remodeling and improvement projects.

PROFILE

Milwaukee Area Technical College District is one of the largest technical college systems in Wisconsin (Aa1 stable), providing vocational education to residents of Milwaukee County (Aa2 stable), the majority of Ozaukee County (Aaa stable) and small portions of several other surrounding suburban counties.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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