

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's assigns Baa3 to Williamson County MUD 19A, TX's GOULT Bonds, Series 2021A; outlook stable**

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02 Nov 2021

New York, November 02, 2021 -- Moody's Investors Service has assigned a Baa3 rating to Williamson County Municipal Utility District 19A, TX's \$11.1 million Unlimited Tax Bonds, Series 2021A. Moody's maintains the Baa3 rating on the district's outstanding general obligation unlimited tax (GOULT) parity debt. Post-sale, the district will have \$38.1 million in GOULT debt outstanding. The outlook is stable.

#### RATINGS RATIONALE

The Baa3 rating reflects the district's small, but rapidly growing tax base fueled by ongoing residential development and an advantageous location within the economically vibrant Austin (Aa1 stable) metropolitan area. The rating incorporates the district's strong financial reserves relative to its limited revenue and scope of operations and a lack of pension and OPEB obligations which is common among Texas municipal utility districts. The rating also considers the district's high debt burden with additional debt issuances anticipated to repay developers for infrastructure costs.

#### RATING OUTLOOK

The stable outlook reflects our expectation that the district's small tax base will continue to grow and support the additional debt that will be issued to repay outstanding developer obligations, even though a high debt burden will remain for the foreseeable future.

#### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Significant decline of the district's debt burden
- Material tax base expansion
- Continued trend of surplus operations leading to significantly bolstered operating reserves

#### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Further borrowing absent corresponding taxable value or revenue growth
- Material tax base contraction
- Erosion of reserves

#### LEGAL SECURITY

The bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the district.

#### USE OF PROCEEDS

Proceeds of the bonds will be used to reimburse developers for infrastructure costs incurred during development.

#### PROFILE

Williamson County MUD 19A was created to finance water, sewer, and drainage infrastructure to a residential area located five miles southeast of Liberty Hill, within the Austin metropolitan area. The 440 acre district has an estimated population of 2,520.

#### METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in

January 2021 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1260094](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.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 at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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Kenneth Surgenor  
Lead Analyst  
REGIONAL\_SOUTHWEST  
Moody's Investors Service, Inc.  
Plaza Of The Americas  
600 North Pearl St. Suite 2165  
Dallas 75201  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Adebola Kushimo  
Additional Contact  
REGIONAL\_SOUTHWEST  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Releasing Office:  
Moody's Investors Service, Inc.  
250 Greenwich Street  
New York, NY 10007  
U.S.A  
JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

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