

Rating Action: Moody's assigns Baa1 to Travis County MUD No. 12, TX's GOULT bonds, Series 2022; outlook stable

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New York, September 12, 2022 -- Moody's Investors Service has assigned a Baa1 rating to Travis County Municipal Utility District No.12, TX's \$5.5 million Unlimited Tax Bonds, Series 2022. Moody's maintains a Baa1 rating on the district's outstanding general obligation unlimited tax (GOULT) debt. The district will have approximately \$33.6 million in GOULT debt, post issuance. The outlook is stable.

RATINGS RATIONALE

The Baa1 rating reflects the district's rapidly growing tax base supported by strong resident income, above average financial reserves that are expected to remain strong, and lack of pension and other post-employment benefit (OPEB) liabilities which is common among Texas municipal utility districts. The rating also reflects the districts elevated debt burden that is expected to moderate as assessed value within the district grows.

RATING OUTLOOK

The stable outlook reflects the likelihood that the district's financial position will remain strong due to consistent operations with no plans to use reserves and that tax base growth will continue as a result of ongoing development, which will in turn keep debt levels manageable.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Decline of the debt burden
- Significant increase of taxable values

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Additional debt issuance absent commensurate growth in full value
- Decline in financial reserves

LEGAL SECURITY

Principal and interest on the bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the district.

USE OF PROCEEDS

Proceeds of the Series 2022 bonds will be used to reimburse the developer for utility infrastructure costs and improvements.

PROFILE

Travis County MUD No. 12 is located approximately 20 miles northwest of Austin. The district is located partially within the extraterritorial jurisdiction and partially within the corporate limits of the City of Lakeway (Aa1). The district lies within the boundaries of Lake Travis Independent School District. The district contains 527 acres and consists of single-family residential and condominium properties. The current estimated population is 2,002.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at <https://ratings.moodys.com/api/rmc-documents/70015>. 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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