MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns A2 to Fort Bend County MUD 142, TX's Series 2019 Unlimited Tax Bonds

17 Oct 2019

New York, October 17, 2019 -- Moody's Investors Service has assigned an A2 rating to Fort Bend County Municipal Utility District (MUD) 142, TX's $2.8 million Unlimited Tax Bonds, Series 2019. Moody's maintains the A2 on the district's previously issued general obligation unlimited tax (GOULT) debt. The district has $82.1 million in outstanding GOULT debt post-sale.

RATINGS RATIONALE

The A2 rating reflects the district's large and growing tax base and very elevated debt profile with future issuance plans. The rating further incorporates the district's healthy financial position supported by conservative budgeting and steady revenue growth. The rating also reflects the lack of pension liabilities and above average resident income levels.

RATING OUTLOOK

Moody's generally does not assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Moderation of debt burden

- Significant tax base expansion

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Significant debt issuance without offsetting tax base growth

- Tax base contraction

LEGAL SECURITY

Principal of 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 upon all taxable property located within the district.

USE OF PROCEEDS

Bond proceeds will be used to reimburse the developer for infrastructure costs incurred during development.

PROFILE

The district contains 1,245 acres of land and is located entirely within Fort Bend County (Aa1 stable) and the extraterritorial jurisdiction of the City of Houston (Aa3 stable) approximately 28 miles west of the central business district. The district is located both within Lamar Consolidated Independent School District (Aa2 stable) and Katy Independent School District (Aa1 stable). The estimated population is 11,147.

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.

REGULATORY DISCLOSURES

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