

Rating Action: Moody's assigns initial A3 to Triview Metro District, CO's revenue bonds

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A1 issuer rating assigned

New York, November 06, 2018 -- Moody's Investors Service has assigned an initial A3 rating to Triview Metropolitan District, CO's \$10.9 million Water and Wastewater Enterprise Revenue Refunding and Improvement Bonds, Series 2018. At the same time, we have assigned an issuer rating of A1.

RATINGS RATIONALE

The A3 bond rating reflects the small size of the still-developing district, somewhat offset by a strong financial position relative to operations, above-average resident income levels, a moderately low debt to revenues ratio, and healthy debt service coverage post-sale from non-tap fee operating revenues. The rating assignment also considers the moderately weak legal provisions protecting bondholders. Finally, the rating assignment considers that tap fees associated with new development to connect to the system make up a large portion of revenues, and can be volatile depending on the pace of new development.

The A1 issuer rating is Moody's assessment of the district's hypothetical GOULT rating. The issuer rating assignment reflects the district's moderate tax base poised to grow significantly over the medium term, above average resident income levels, very strong general fund reserves and the lack of a pension liability. The rating also considers the elevated debt burden and slow principal amortization of general obligation debt.

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

- Significant system expansion
- Increase in nominal amount of reserves
- Increase in debt service coverage

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Trend of declining debt service coverage
- Reduced unrestricted cash position
- Increased leverage of the system absent revenue growth

LEGAL SECURITY

The revenue bonds are secured by the net revenues of the system. There is no debt service reserve fund associated with the bonds.

USE OF PROCEEDS

Proceeds of the bonds will refund and restructure the outstanding 2014 loan and 2016 revenue bonds, and will pay for the acquisition of water rights.

PROFILE

Triview Metropolitan District was formed in 1985 for the purpose of providing street and drainage, water and wastewater improvements, park and recreation, traffic and safety protection, and mosquito control; utility service commenced in the early 1990's and is provided to all areas within district boundaries. The 2,590 acre

district is located within the town of Monument, approximately 6 miles from the Air Force Academy, 15 miles north of Colorado Springs (Aa2) and 52 miles south of Denver (Aaa stable). The district includes a mix of residential and commercial property, as well as vacant land to be developed.

METHODOLOGY

The principal methodology used in the issuer rating was US Local Government General Obligation Debt published in December 2016. The principal methodology used in the revenue rating was US Municipal Utility Revenue Debt published in October 2017. Please see the Rating Methodologies page on www.moody.com for a copy of these methodologies.

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