

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to \$205.54M North Dakota PFA State Revolving Fund Program Bonds, Series 2024A

06 Aug 2024

New York, August 06, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to the proposed \$205,540,000 North Dakota Public Finance Authority State Revolving Fund Program Bonds, Series 2024A. We are also maintaining the Aaa ratings on the Authority's outstanding bonds under the SRF Program. The outlook is stable.

RATINGS RATIONALE

The Aaa rating is based on continued high levels of default tolerance, currently at 65%, combined with the security from a large loan pool. While the top five borrowers account for 44% of the pool, the program's financial position remains very strong and offsets this risk.

RATING OUTLOOK

The outlook is stable. The high level of default tolerance supports strong credit quality in the near to medium term.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable.

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Substantial decrease in Program's default tolerance to below 25%, coupled with material deterioration in the overall credit quality of the pool participants.

- Addition of unrated or lowly rated borrowers as the top 5 borrowers in the pool, coupled with the above factor.

LEGAL SECURITY

The sources of payment and security are the revenues derived from certain payments of principal of and interest on the municipal securities evidencing the loans made with federal capitalization grants and proceeds of the sale of the bonds, amounts on deposit in certain funds and accounts established under the Master Trust Indenture and earnings thereon. The bonds are issued on parity with the outstanding clean water bonds, the outstanding drinking water bonds and all other bonds to be issued by the Authority under the Master Trust Indenture.

USE OF PROCEEDS

Proceeds of the Series 2024A Bonds will be used by the Authority to (i) make or finance Loans at below market interest rates to political subdivisions of the State of North Dakota and certain other entities for use in connection with the financing or refinancing of water pollution control and drinking water projects, to refund the outstanding maturities of the State Revolving Fund Program Bonds, Series 2015A dated July 21, 2015; and to pay costs of issuance.

PROFILE

The obligor is the State Revolving Fund Program Bonds Indenture originally created in 1998 and subsequently amended in 2011 and 2015. The purpose of the indenture is to finance water pollution control and drinking water projects in North Dakota.

METHODOLOGY

The principal methodology used in this rating was Public Sector Pool Programs and Financings Methodology published in April 2020 and available at <https://ratings.moodys.com/rmc-documents/66017>. 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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