

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings assigns Aa2 to Lafayette, LA sales tax bonds, affirms issuer and GO ratings; assigns stable outlook**

---

25 Nov 2024

New York, November 25, 2024 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the City of Lafayette, LA's Public Improvement Sales Tax Refunding Bonds, Series 2024C in the anticipated par amount of approximately \$16.5 million. Concurrently we have affirmed the Lafayette Consolidated City-Parish's Aa2 issuer rating, the Aa2 rating on the parish's general obligation unlimited tax (GOULT) debt, and the Aa2 ratings on the city's outstanding sales and use tax and outstanding general obligation limited tax (GOLT) debt. Post issuance, the consolidated city-parish's outstanding debt will total roughly \$717 million. The outlook is stable.

#### RATINGS RATIONALE

The Aa2 issuer rating reflects the city-parish's large, stable economy, anchored by the University of Louisiana at Lafayette and two medical centers. While taxable values have increased and the area continues to benefit from ongoing development, the MSA's economic growth has not kept pace with national GDP growth. The city-parish has a history of sound operating performance and financial reserves are satisfactory with fund balance and cash reserves reaching 25% and 56% of operating revenue, respectively, in fiscal 2023. Reserves are expected to remain adequate despite modest general fund deficits expected in fiscal 2024 and fiscal 2025. The city-parish's leverage is manageable at an estimated 164% of fiscal 2023 operating revenue. Debt, which comprises about 64% of total leverage is expected to remain manageable even as the city plans to issue additional debt within the next few years in support of ongoing capital projects.

The Aa2 rating on the parish's GOULT bonds is at the same level as the city-parish's issuer rating, reflecting the unlimited property tax dedicated to debt service.

The lack of rating distinction between the Aa2 issuer rating and the city's Aa2 GOLT rating reflects the ample taxing headroom under the limited tax cap.

The city's 1961 sales tax bonds and 1985 sales tax bonds are rated Aa2, the same level as the city-parish issuer rating, reflecting strong coverage provided by a broad and generally improving pledged revenue stream supported by a stable local economy. Pledged revenue, which consists of a 1% sales tax across the city, provided strong maximum annual debt service (MADS) coverage of over 4x in fiscal 2023. Sales tax revenues are projected to remain stable over the next few years providing continued solid coverage even as the city plans to issue additional sales tax debt in the coming years.

## RATING OUTLOOK

The stable outlook reflects the expectation that the city-parish's financial position will remain satisfactory supported by prudent fiscal management that includes conservative budgeting practices.

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

- Strengthened economic growth indicators to levels more comparable to Aa1 rated peers (issuer rating)
- Sustained increase in fund balance reserves exceeding 35% of operating revenue (issuer rating)
- Upgrade of the issuer rating (GOULT, GOLT, and sales tax ratings)

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

- Trend of deficit operations leading to a decline in fund balance relative to revenue (issuer rating)
- Additional debt issuance resulting in long-term liabilities exceeding 200% of operating revenue (issuer rating)
- Downgrade of the issuer rating (GOULT, GOLT, and sales tax ratings)
- Sustained decline in pledged revenues leading to MADS coverage of less than 2 times (sales tax ratings)

## LEGAL SECURITY

The Series 2024C bonds and outstanding parity debt are payable solely from an irrevocable pledge and dedication of the proceeds of a one percent (1%) sales and use tax levied and collected by the city, pursuant to elections held in the Issuer on May 13, 1961, November 20, 1965, March 22, 1977, and July 21, 2001 (the "1961 Tax"), subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the 1961 Tax (the "Net Revenues of the 1961 Tax").

The city's other outstanding sales tax bonds are payable solely from an irrevocable pledge and dedication of the proceeds of a one percent (1%) sales and use tax levied and collected by the city, pursuant to elections held in the Issuer on May 4, 1985, November 15, 1997, and July 21, 2001 (the "1985 Tax"), subject only to the prior payment of the reasonable and necessary costs and expenses of collecting and administering the 1985 Tax (the "Net Revenues of the 1985 Tax").

The parish's general obligation unlimited tax bonds are payable from the annual levy and collection of unlimited ad valorem taxes on all the taxable property within the boundaries of the parish.

The city's limited tax bonds are payable from an irrevocable pledge and dedication of the funds to be derived by the Issuer from the levy and collection of a special tax of 5.42 mills (such rate being subject to adjustment from time to time due to reassessment), which the Issuer is authorized to impose and collect each year on all property subject to taxation within the corporate boundaries of the city.

## USE OF PROCEEDS

Proceeds from the sale of the Series 2024C bonds will be used to refund the outstanding Series 2013 and 2014A bonds to realize net present value savings.

## PROFILE

The City of Lafayette along with Lafayette Parish is part of the Lafayette Consolidated City-Parish Government (Aa2 stable), located in south central Louisiana, about 135 miles west of New Orleans (A2 stable) and 60 miles west of Baton Rouge (Baton Rouge Consolidated City-Parish Government, Aa2 stable issuer rating). The city has an estimated population of approximately 133,000 while the parish's population is approximately 245,000.

## METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

## RATING 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>.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the

supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see <https://ratings.moody's.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on <https://ratings.moody's.com> for additional regulatory disclosures for each credit rating.

Brittany Burrell  
Lead Analyst  
Regional PFG Dallas  
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 PFG Dallas  
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

---

© 2024 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

**CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER**

**OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.**

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage

arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moodys.com](http://www.moodys.com) under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of

the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.