



Press Release

Moody's Ratings assigns Aaa UND & Aa1 ENH to Edina ISD 273, MN's GOs, Series 2026A

Moody's Ratings (Moody's) has assigned Aaa underlying and Aa1 enhanced ratings to Edina Independent School District 273, MN's General Obligation Facilities Maintenance Refunding Bonds, Series 2026A, which have a proposed par amount of about \$12.9 million. We maintain the district's Aaa issuer rating and its other outstanding ratings. Following the sale, the district will have about \$156 million in general obligation unlimited tax (GOULT) debt outstanding.

RATINGS RATIONALE

The Aaa issuer rating reflects the district's strong economic base within the Twin Cities metropolitan area, recently solid financial position and moderate leverage. The available fund balance ratio is likely to grow to slightly above 20% in fiscal 2026 (year-end June 30), driven by higher-than-expected enrollment and conservative budgeting. Although reserves trail similarly rated peers, available fund balance will likely continue to strengthen, at least over the next few years, because of increased state aid and property tax revenue from a recently renewed operating levy, coupled with prudent budget management.

The district's growing economic base benefits from very strong resident income ratio at roughly 195% and robust full value per capita nearing \$345,000. Enrollment has recently grown at a three-year CAGR of 1.2%, which is projected to continue over the next several years driven by consistent open enrollment gains given its strong competitive position.

The long-term liabilities ratio will remain moderate at just above 210% following the issuance of the Series 2026A bonds, but will likely increase within the next several years because of modest near-term additional debt plans and major longer-term facility needs.

The Aaa GOULT rating is equivalent to the Aaa issuer rating based on the district's general obligation full faith and credit pledge and authority to levy an unlimited property tax dedicated to debt service.

The Aa1 enhanced rating assigned to the Series 2026A bonds reflects the additional security provided by the State of Minnesota School District Credit Enhancement Program (Aa1 stable). The Aa1 enhanced programmatic rating is notched once from the State of Minnesota's Aaa Issuer Rating. The enhanced rating reflects sound program mechanics and the state's pledge of

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an unlimited appropriation from its General Fund should the district be unable to meet debt service requirements. The program mechanics include a provision for third-party notification of pending deficiency. If the school district does not transfer funds necessary to pay debt to the paying agent at least three days prior to the payment due date, the state will appropriate the payment to the paying agent directly. We have received a copy of the signed program applications.

RATING OUTLOOK

We do not assign outlooks to local government issuers with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material deterioration of available fund balance ratio below 15%
- Notable growth in long-term liabilities ratio to levels well above 300%
- Downgrade of the State of Minnesota's Issuer Rating (enhanced)
- Weakening of the credit enhancement program mechanics (enhanced)

PROFILE

Edina Independent School District 273, MN is situated about 10 miles southwest of downtown Minneapolis (Aaa stable). The district provides kindergarten to twelfth grade education to around 8,800 students.

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