Rating Action: Moody's assigns Aaa to Howard County, MD's 2022 GOULT bonds; outlook stable

15 Feb 2022
New York, February 15, 2022 -- Moody's Investors Service has assigned Aaa ratings to Howard County, MD's $49.5 million Consolidated Public Improvement Project Bonds, 2022 Series A and $18.2 million Metropolitan District Project Bonds, 2022 Series B. Moody's maintains the Aaa rating on the county's outstanding GOULT debt. The outlook is stable.

RATINGS RATIONALE

The Aaa rating reflects the county's sizeable, diverse and modestly growing tax base near the Baltimore (Aa2 stable) - Washington metro area, strong above average resident wealth indices, and an improved reserve position supported by a recent influx in state and federal funds as well as solid growth in major operating revenues. The rating also incorporates the county's elevated, but stable debt position, and a manageable pension liability.

RATING OUTLOOK

The stable outlook reflects our expectation that the county's improved financial position will remain solid given a recent influx of federal and state funds, strong growth in major operating revenues, and management's adherence to formal fiscal policies. The outlook also reflects the county's modestly growing tax base that benefits from its proximity to the District of Columbia (Aaa stable) and the institutional presence of Fort Meade, which employs approximately 15,000 Howard County residents.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in reserves and/or liquidity
- Deterioration of the county's tax base
- Material increase in fixed costs, particularly debt that results in a strained financial position

LEGAL SECURITY

The county's GOULT debt, including the current issuances, are secured by the county's full faith and credit pledge, payable from the county's ability to levy ad valorem taxes without limitation upon all assessable property within the county's boundaries.

USE OF PROCEEDS

Proceeds from the 2022 Series A bonds will be used to repay the county's outstanding Master General Obligation Bond Anticipation Note, Series 2020A (Tax-Exempt), issued for general government public improvement projects and to pay or reimburse the county for the cost of public improvement projects issued for general government purposes. Proceeds from the 2022 Series B bonds will be used to repay the county's outstanding Master General Obligation Bond Anticipation Note, Series 2020A (Tax-Exempt), issued for water and sewer utility projects, and to pay or reimburse the county for the cost of water and sewer utility.

PROFILE

Howard County is located between the City of Baltimore and the District of Columbia in central Maryland (Aaa stable). Encompassing roughly 251 square miles, the county provides a wide range of municipal services, including education and public safety, to a population of about 321,000.
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 at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this 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. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1288235.

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