

MOODY'S

INVESTORS SERVICE

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

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moodys.com/research/US-Local-Government-General-Obligation-Debt--PBM_1260094. Alternatively, please see the Rating Methodologies page on www.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 at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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