

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to Collin County, TX's GOLT Bonds, Series 2024

12 Jun 2024

New York, June 12, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to Collin County, TX's anticipated \$210 million Limited Tax Permanent Improvement and Refunding Bonds, Series 2024. Moody's maintains Aaa issuer and general obligation limited tax (GOLT) ratings on the county's outstanding GOLT debt. The county will have approximately \$835 million in total debt outstanding, post issuance. The outlook is stable.

RATINGS RATIONALE

The Aaa issuer rating reflects the county's very large, dynamic, and rapidly expanding economy supported by the presence of several large national and regional corporate headquarters which is fueling population growth and strong resident income and full value per capita. The county's financial management is very conservative, evidenced by a long-term trend of maintaining operating reserves well in excess of 35% of revenue. The county's leverage, while slightly above Aaa medians, remains manageable given strong operating revenue growth.

The Aaa rating on the county's GOLT bonds is at the same level as the issuer rating, reflecting the county's ample taxing headroom (2213%), which offsets the lack of a full faith and credit pledge and inability to override the statutory cap.

RATING OUTLOOK

The stable outlook reflects the likelihood of continued economic expansion that will support operating revenue growth and maintain the county's strong operating reserves and manageable leverage profile. These factors, coupled with the county's conservative budgeting and operating practices provide a strong foundation for a stable operating profile over the longer term.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Increased leverage ratio that surpasses 350%
- Erosion of operating reserves below 35% of revenue

LEGAL SECURITY

The bonds constitute direct obligations of the county, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property within the county.

USE OF PROCEEDS

Proceeds of the Series 2024 bonds will fund the costs associated with designing, constructing, equipping, and expanding court facilities and juvenile and adult detention facilities, the Collin County Medical Examiner's Office, the Collin County animal shelter, and non-tolled roads and bridges within the county, including county-state and county-city joint projects. The bonds will also provide for the acquisition and improvement of land for park and open space purposes.

PROFILE

Collin County is located directly north of Dallas County (Aaa stable), with multiple employment centers in cities including McKinney (Aaa stable; the county seat), Plano (Aaa stable), and Frisco (Aaa stable). As of 2024, the county's population is estimated at 1.2 million residents.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. 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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