

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to Collin County, TX's GOLT Series 2019; outlook stable

11 Feb 2019

New York, February 11, 2019 -- Moody's Investors Service has assigned a Aaa to Collin County, TX's \$156.5 million Limited Tax Permanent Improvement Bonds, Series 2019. Moody's maintains the Aaa rating on the county's outstanding general obligation unlimited and limited tax bonds, which will total \$208.9 million and \$240.2 million, respectively, postsale. The outlook is stable.

RATINGS RATIONALE

The Aaa rating reflects the county's very large and rapidly growing, affluent tax base favorably located in the northeastern portion of the Dallas Fort Worth metropolitan area, conservatively financial management that has led to above median reserves, and low debt and pension burdens. The lack of distinction between the unlimited and limited tax debt ratings reflect the county's ample headroom available under its current taxing capacity, which offsets the limitation under the existing property tax caps, and the inability to override the statutory tax cap.

RATING OUTLOOK

The stable outlook reflects our expectation that robust economic growth in the county will continue to fuel assessed value growth, and coupled with conservative governance, will lead to a continued strong financial position.

FACTORS THAT COULD LEAD TO AN UPGRADE

Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

Trend of tax base contraction

Significant weakening of reserves

Significant increase in the debt or pension burdens

LEGAL SECURITY

The bonds constitute direct obligations of the county, payable from the levy and collection of an ad valorem tax levied within the limits prescribed by law on all taxable property of the county. The county may levy a maximum \$8.00/\$1000 of assessed value for general operations, \$4.00/\$1000 of which may be allocated to debt service payments. The county currently levies a total tax rate of \$1.81/\$1000, of which \$0.54 is for debt service.

USE OF PROCEEDS

Proceeds will be used to fund capital improvements throughout the county.

PROFILE

Collin County is located north of the city of Dallas (A1 stable), with McKinney, TX (Aaa stable) serving as the county seat. The county has been experiencing tremendous growth fueled by corporate relocations and expansions, leading to strong population growth. As of 2019, the county's population is estimated at 1.1 million.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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Denise Rappmund
Lead Analyst
Regional PFG Dallas
Moody's Investors Service, Inc.
Plaza Of The Americas
600 North Pearl St. Suite 2165
Dallas 75201
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Alexandra Parker
MANAGING DIRECTOR
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

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