MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to Howard County, MD's 2020 $364.2M GOULT bonds; outlook stable

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New York, April 01, 2020 -- Moody's Investors Service has assigned Aaa general obligation unlimited tax (GOULT) ratings to Howard County, MD's $118.77 million Consolidated Public Improvement Project Bonds, 2020 Series A (Tax-Exempt), $49.5 million Metropolitan District Project Bonds, 2020 Series B (Tax-Exempt), $145.4 million Consolidated Public Improvement Project and Refunding Bonds, 2020 Series C (Taxable), and $50.5 million Metropolitan District Refunding Bonds, 2020 Series D (Taxable). Moody's maintains the Aaa rating on the county's outstanding parity GOULT debt. The outlook is stable.

RATINGS RATIONALE

The Aaa rating incorporates the county's sizeable and diverse tax base located near the Baltimore-Washington metro area, above-average resident wealth levels and satisfactory reserve position supported by comprehensive fiscal policies. The rating also incorporates the above-average yet manageable debt burden bolstered by self-supporting utility debt and formal debt policies, and manageable pension liability.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for Howard County. However, the situation surrounding Coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of Howard County changes, we will update the rating and/or outlook at that time

RATING OUTLOOK

The stable outlook reflects the likelihood that the county's financial position will remain sound given management's adherence to formal fiscal policies. Any deviation from these projections or any additional declines in reserves going forward could result in negative credit pressure. The outlook also reflects future growth in the county's base given ongoing commercial and residential development spurred by 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 would lead to a downgrade of the ratings:

FACTORS THAT COULD LEAD TO AN UPGRADE

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Declines in general fund reserves and liquidity

- Tax base erosion

- Material increase in debt burden resulting in strained financial position

- Downgrade of the U.S government's Aaa rating

LEGAL SECURITY

The 2020 bonds are secured by the county's absolute and unconditional ad valorem tax pledge.

USE OF PROCEEDS

The 2020 Series A Public Improvement Bonds will repay all or a portion of the county's outstanding Consolidated General Obligation Bond Anticipation Tax-Exempt Note, Series 2017 and reimburse the county for the cost of public improvement projects.

The 2020 Series B Metropolitan District Bonds repay all or a portion of the County's outstanding General Obligation Bond Anticipation Tax-Exempt Note, Series 2017 and reimburse the county for the cost of public improvement projects.

The 2020 Series C Public Improvement and Refunding Bonds will refund the county's outstanding Consolidated Public Improvement Project and Refunding Bonds, 2015 Series A and Consolidated Public Improvement Projects and Refunding Bonds, 2011 Series B for savings and reimburse the county for the cost of public improvement projects.

The 2020 Series D Metropolitan District Refunding Bonds will refund the county's outstanding Metropolitan District Projects and Refunding Bonds, 2011 Series B, Metropolitan District Project and Refunding Bonds, 2013 Series A, and Metropolitan District Project and Refunding Bonds, 2014 Series A for savings.

PROFILE

Howard County is located between the City of Baltimore (Aa2 stable) and the District of Columbia and has a population of approximately 321,000.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in September 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1191097. 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.

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.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569 .

The Global Scale Credit Rating on this Credit Rating Announcement was issued by one of Moody's affiliates outside the EU and is endorsed by Moody's Deutschland GmbH, An der Welle 5, Frankfurt am Main 60322, Germany, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that issued the credit rating is available on www.moodys.com.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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