



## Rating Action: Moody's assigns Aaa to Howard County, MD's GO Bonds

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New York, February 09, 2024 -- Moody's Investors Service has assigned Aaa ratings to Howard County, MD's \$97.1 million Consolidated Public Improvement Project Bonds, 2024 Series A (Tax-Exempt), \$24.3 million Metropolitan District Project Bonds, 2024 Series B (Tax-Exempt) and \$2.3 million Consolidated Public Improvement Project Bonds, 2024 Series C (Taxable). Concurrently, Moody's has affirmed the county's Aaa issuer rating, Aaa general obligation unlimited tax (GOULT) ratings and its Aa1 lease appropriation rating on the county's Certificates of Participation (Equipment Program) Refunding, 2021 Series A. Following issuance of the 2024 bonds, the county will have about \$2.2 billion in outstanding general obligation debt. The outlook is stable.

### RATINGS RATIONALE

The Aaa issuer rating reflects the county's dynamic and growing local economy in proximity to the City of Baltimore (Aa2 stable) and Washington D.C. (District of Columbia, Aaa negative). Resident incomes are well above-average, property wealth is strong and the county has a significant amount of development going on indicating that growth will continue in the near-term. The rating further reflects the county's healthy reserve position, which while somewhat below the median for peers, has steadily improved in recent years. Additionally, the county's long-term liabilities are manageable and in line with peers.

The absence of a distinction between the Aaa GOULT rating and the Aaa issuer rating reflects the general obligation unlimited nature of its tax pledge.

The Aa1 rating is one-notch off the county's Aaa issuer rating, which reflects the appropriation risk, the satisfactory legal structure of the certificates of participation, and essentiality of the projects that includes equipment used for governmental programs of the county.

### RATING OUTLOOK

The stable outlook reflects the expectation that the county's economic base will continue to see growth given its favorable location and institutional presence and that its financial position will remain healthy given strong and prudent management.

### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- N/A

## FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material, sustained contraction of the economic base and deterioration of resident incomes
- Significant and ongoing draws on reserves to support operations
- Unsustainable increase in long-term liabilities
- Downgrade of the issuer rating (lease-appropriation)

## LEGAL SECURITY

Debt service on the county's general obligation bonds is payable from its unlimited ad valorem taxing power. Additionally, the bonds benefit from the county's full faith and credit pledge.

## USE OF PROCEEDS

Proceeds from Series A and B tax-exempt public improvement bonds will be used to repay all or a portion of the county's outstanding Master General Obligation Bond Anticipation Note, Series 2023A (Tax-Exempt) and to pay or reimburse the county for the cost of various public improvement projects. Proceeds from the Series C taxable bonds will be used to pay or reimburse the county for the costs of various public improvement projects.

## PROFILE

Howard County is located in central Maryland, directly southwest of the Baltimore metro area. The county seat of Ellicott City is approximately 12 miles west of downtown Baltimore. The county's population as of the 2022 American Community Survey was 332,011.

## METHODOLOGY

The principal methodology used in these ratings was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moody.com/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.moody.com> for a copy of this methodology.

## REGULATORY DISCLOSURES

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