



Rating Action: New Issue - Moody's Assigns Aaa to Frederick County, MD's \$85M GO Bonds, Ser. 2017; Outlook Stable

Global Credit Research - 17 Mar 2017

New York, March 17, 2017 -- Issue: General Obligation Public Facilities Refunding Bonds, Series 2017A (2020 Crossover); Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$85,000,000; Expected Sale Date: 03/24/2017; Rating Description: General Obligation;

Summary Rating Rationale

Moody's Investors Service has assigned an Aaa rating to Frederick County, MD's \$85 million General Obligation Public Facilities Refunding Bonds, Series 2017A. We maintain a Aaa rating on the county's \$543.3 million of general obligation (GO) debt outstanding. The outlook is stable.

The Aaa rating incorporates the county's sizeable and diverse tax base located near Washington, D.C. (Aa1 stable), above-average resident wealth levels, sound reserve position supported by comprehensive fiscal policies, above-average direct debt burden mitigated by self-supporting utility debt, and manageable pension liability.

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. The outlook also reflects future growth in the county's base given ongoing commercial and residential development spurred by proximity to D.C. and the institutional presence of Fort Detrick.

Factors that Could Lead to an Upgrade

N/A

Factors that Could Lead to a Downgrade

Declines in General Fund balance to levels marginally above the 5% policy minimum

Tax base declines or deterioration in economic stability

Significant expenditure pressures related to rapid economic and development growth within the county

Legal Security

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

Use of Proceeds

Bond proceeds will refund a portion of the county's 2010B bonds for an estimated net present value savings equal to 3.2% of refunded par with no extension of maturity.

Obligor Profile

Frederick County is located 45 miles northwest of Washington, D.C. along the I-270 corridor. The county has a population of approximately 241,373 as of 2015.

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's.com for a copy of this methodology.

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Lauren Von Bargen
Lead Analyst
Regional PFG Northeast
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Gregory Lipitz
Additional Contact
Regional PFG Northeast
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Moody's
INVESTORS SERVICE

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