

Rating Action: Moody's assigns Aa2 to Wicomico County, MD's \$19.7M GO Bonds, Series 2015

Global Credit Research - 16 Oct 2015

Affirms Aa2 on \$103M outstanding parity debt

New York, October 16, 2015 --

Moody's Rating

Issue: General Obligation Consolidated Public Improvement and Refunding Bonds of 2015; Rating: Aa2; Sale Amount: \$19,665,000; Expected Sale Date: 10-22-2015; Rating Description: General Obligation Limited Tax

Opinion

Moody's Investors Service has assigned a Aa2 rating to Wicomico County's (MD) \$19.7 million General Obligation Consolidated Public Improvement and Refunding Bonds of 2015. The bonds are secured by the county's limited property tax pledge. Concurrently, Moody's has affirmed the Aa2 rating on \$103 million of parity debt.

SUMMARY RATING RATIONALE

The Aa2 rating reflects the county's sound financial reserve position, which is bolstered by strong management and formal fiscal policies. The rating also incorporates the county's sizable, albeit rural, tax base that has begun to stabilize following a period of moderate declines and its position as an economic center for the Delmarva Peninsula. The rating also reflects the county's slightly above average, but manageable, debt burden and its well-funded pension plan.

OUTLOOK

Outlooks are not usually assigned to local governments with this amount of debt outstanding.

WHAT COULD MOVE THE RATING UP

- Continued growth and diversification in the tax base

WHAT COULD MOVE THE RATING DOWN

- Deterioration of reserves
- Declines in tax base in excess of current projections
- Significant increase in debt burden

OBLIGOR PROFILE

Wicomico County is located in the heart of the Delmarva peninsula in eastern Maryland. As of 2014 countywide population was estimated at 100,896.

LEGAL SECURITY

The bonds are secured by the county's general obligation pledge, subject to the county's tax cap of the lesser of 2% and CPI growth.

USE OF PROCEEDS

Approximately \$13.2 million of bond proceeds will fund a variety of capital projects for the school and public safety departments. The remaining proceeds will refund a portion of outstanding bonds, for a projected net present value savings equal to 3.6% of refunded principal and no extension of maturity.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014 Please see the Credit Policy page on www.moody.com for a copy of these methodologies.

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