

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's Assigns Aa2 to Wicomico County, MD's \$20.3M GOLT Bonds, Series 2016

Global Credit Research - 28 Oct 2016

New York, October 28, 2016 -- Issue: General Obligation Public Improvement Bonds 2016; Rating: Aa2; Rating Type: Underlying LT; Sale Amount: \$20,300,000; Expected Sale Date: 11/01/2016; Rating Description: General Obligation Limited Tax;

Summary Rating Rationale

Moody's Investors Service has assigned an Aa2 rating to Wicomico County's (MD) \$20.3 million General Obligation Public Improvement Bonds 2016. The bonds are secured by the county's general obligation limited tax pledge. Concurrently, Moody's has affirmed the Aa2 rating on \$103 million of parity debt. The Aa2 rating is based on the county's strong financial operating history leading to a sound reserve position -- which benefits from conservative budgeting and multi-year forecasting -- a sizeable tax base with average demographics, and manageable debt and pension burdens.

Rating Outlook

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

Factors that Could Lead to an Upgrade

Continued tax base growth and expansion commensurate with a higher rating category

Improved socioeconomic factors

Material growth in reserve levels

Factors that Could Lead to a Downgrade

Deterioration of reserves due to structural imbalance

Material decreases in tax base

Significant increase in debt burden or capital needs

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

The proceeds from the 2016 bonds will finance various county capital projects, mainly for the board of education and board of elections.

Obligor Profile

Wicomico County is located centrally on the Delmarva Peninsula, bordering the state of Delaware (Aaa Stable). The county covers 402 square miles and has an estimated 2015 population of 102,370.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Regulatory Disclosures

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