

Rating Action: Moody's assigns Aaa to King County, WA's 2021 UTGO & 2021 LTGO Series B&C; outlook stable

06 Oct 2021

New York, October 06, 2021 -- Moody's Investors Service has assigned a Aaa rating to King County, Washington's \$18.4 million Unlimited Tax General Obligation Bonds, 2021. Concurrently, Moody's assigns Aaa ratings to the county's Limited Tax General Obligation Refunding Bonds, 2021, Series B and Limited Tax General Obligation Bonds, 2021, Series C (Taxable) in the expected par amount of \$29.9 million and up to \$525.5 million, respectively. Moody's maintains Aaa ratings on the county's outstanding unlimited tax general obligation (UTGO) bonds as well as the Aaa ratings on the outstanding limited tax general obligation (LTGO) bonds. Following the issuances, the county will have approximately \$57.2 million of UTGO debt and \$2.6 billion of LTGO debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa ratings reflect King County's large and wealthy tax base that includes the City of Seattle (Aaa stable) within the Puget Sound, the economic engine for the State of Washington (Aaa stable). The county continues to see strong recovery from the coronavirus pandemic supported by large market leading businesses in technology, aviation, retail, and consumer goods. Substantial federal funding from the CARES Act and America Rescue Plan Act (ARPA) will support a solid financial performance and offset pandemic-driven revenue softness and increased costs. Given the county's historically strong financial management team, we anticipate the county's long-term financial results will remain stable. The county's debt and pension liabilities are manageable and supportive of the high ratings.

The zero-notch rating distinction between the county's unlimited tax general obligation bonds and limited tax general obligation bonds ratings reflects our positive view of the strength of the county's full faith and credit pledge.

RATING OUTLOOK

The stable outlook reflects the county's strong underlying economic fundamentals, including a highly educated population and solid infrastructure that will buoy its economic recovery from the coronavirus pandemic. The county's strong financial management team will maintain a solid financial performance that will remain stable over the next 12 to 18 months.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant protracted declines in tax base and the local economy
- Material deterioration of the county's financial reserves and liquidity
- Significant growth in the county's leverage and fixed costs

LEGAL SECURITY

The county's UTGO bonds are secured by the county's full faith, credit and resources and unlimited property tax pledge.

The LTGO bonds are secured by the county's full faith, credit, and any legally available resources and its pledge to levy taxes annually within the constitutional and statutory tax limitations for non-voted debt.

USE OF PROCEEDS

Proceeds from the Unlimited Tax General Obligation Bonds, 2021 will be used to finance health, safety, and

seismic improvements to the county's Harborview Medical Center.

Proceeds from the Limited Tax General Obligation Refunding Bonds, 2021, Series B bonds will be used to refund about \$33 million of outstanding LTGO bonds for debt service savings.

Proceeds from the Limited Tax General Obligation Bonds, 2021, Series C (Taxable) bonds will be used to finance affordable housing and transit-oriented development (TOD) projects as well as a reserve fund for the TOD projects.

PROFILE

King County spans Seattle, a major city and economic hub of the Northwest, and a large share of the Puget Sound area. The county serves a large population approaching 2.2 million residents which amounts to almost one-third of the State of Washington's population.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. 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.

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