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Rating Action: Moody's assigns Aaa to Henrico County, VA's general obligation refunding bonds; outlook stable

21 Feb 2020

New York, February 21, 2020 -- Moody's Investors Service has assigned a Aaa rating to Henrico County, VA's \$25.2 million General Obligation Public Improvement Refunding Bonds, Series 2020. Moody's maintains the Aaa rating on the county's outstanding parity general obligation debt. The outlook is stable.

RATINGS RATIONALE

The Aaa rating reflects the county's sizeable and regionally significant tax base, healthy resident income levels, healthy and stable financial position supported by formal fiscal policies and conservative budget assumptions, and manageable debt and pension burdens.

RATING OUTLOOK

The stable outlook reflects the likelihood that the county's tax base and resident income levels will continue to improve and that reserves and liquidity will remain stable due to management's conservative budget assumptions and formal fiscal policies.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Reduction in operating flexibility and reserve levels
- Substantial increase in debt burden
- Material contraction in tax base and weakened income levels

LEGAL SECURITY

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

USE OF PROCEEDS

Bond proceeds will be used to refund the county's remaining outstanding General Obligation Public Improvement Refunding Bonds, Series 2010 for debt service savings.

PROFILE

Henrico County, VA encompasses 245 square miles in central Virginia (Commonwealth of Virginia, Aaa stable), bordering the state capital (Richmond VA, Aa1 stable). The county operates under a county manager form of government and is governed by a Board of Supervisors, comprised of five members elected to four-year terms who hire a county manager to manage day-to-day operations. The county's population totaled 325,642 in 2018 according to the most recent U.S. Census American Community Survey, which represents an 7.2% increase since 2011.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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Evan Hess
Lead Analyst
Regional PFG Northeast
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Douglas Goldmacher
Additional Contact
Regional PFG Northeast
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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