

**Rating Action: Moody's assigns Aaa to Addison, TX's General Obligation Refunding Bonds, Series 2022; stable outlook**

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New York, December 28, 2021 -- Moody's Investors Service has assigned a Aaa rating to the Town of Addison, TX's \$8.8 million General Obligation Refunding Bonds, Series 2022. Moody's maintains the town's Aaa issuer rating and Aaa rating on outstanding general obligation limited tax (GOLT) debt. The issuer rating is equivalent to the town's hypothetical general obligation unlimited tax (GOULT) rating; there is no debt associated with the GOULT security. Post-sale the town will have approximately \$126.5 million of GOLT debt outstanding. The outlook is stable.

**RATINGS RATIONALE**

The Aaa issuer rating is anchored by a regionally significant economy, north of the City of Dallas (A1 stable) with a moderately sized tax base and solid financial operations and reserves boosted by additional liquidity available outside the main operating fund. The town's ample reserves have remained intact throughout the ongoing health pandemic, supported by an adept management team that uses conservative practices to guide budget planning and execution. Additional considerations include income levels that surpass the nation, a slightly elevated but affordable debt profile and a manageable unfunded pension liability.

The Aaa GOLT rating is the same as the Moody's issuer rating reflecting the town's taxing headroom under the limited tax cap that provides approximately 600% headroom, offsetting the lack of a full faith and credit pledge and inability of council to override the statutory limitation.

**RATING OUTLOOK**

The stable outlook reflects the strength of the management team with budget reductions that will allow for structurally balanced operations to persist. These practices, supported by a stable economy, solid liquidity position and positive operating performance through fiscal 2021 based on unaudited results will allow the credit profile to remain stable over the next 18 to 24 months.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

- Not applicable

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING**

- Reduction in reserve levels
- Significant economic decline
- Sizeable debt issuance absent corresponding tax base growth

**LEGAL SECURITY**

The bonds are general obligations of the town supported by a direct and continuing annual ad valorem tax, levied on all taxable property within the limits prescribed by law.

**USE OF PROCEEDS**

Proceeds from the Series 2022 bonds will be used to refund the outstanding Combination Tax and Revenue Certificates of Obligation, Series 2012.

**PROFILE**

The Town of Addison is 12 miles north of downtown Dallas in Dallas County (Aaa stable). The town is home to several office spaces and the economy sees a high concentration of profession jobs with daytime population well over three times the nighttime population. The current population estimate is 16,320.

## METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at [https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM\\_1260094](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1260094). Alternatively, please see the Rating Methodologies page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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