

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa rating to Dublin, OH's Series 2024 GOLT bonds

08 Jul 2024

New York, July 08, 2024 -- Moody's Ratings (Moody's) has assigned a Aaa rating to the City of Dublin, OH's General Obligation (Limited Tax) Various Purpose Improvement and Refunding Bonds, Series 2024, which have a proposed par amount of \$19.2 million. We maintain the city's Aaa issuer rating, Aaa rating on outstanding general obligation limited tax (GOLT) debt, and Aa1 non-ad valorem rating. Following the sale, the city will have roughly \$223 million in total debt outstanding.

RATINGS RATIONALE

The Aaa issuer rating reflects the city's favorable location outside of Columbus (Aaa stable) with strong resident income of 224% of the national median. The financial position is robust, with unaudited fiscal 2023 (year-end December 31) results reflecting a liquidity ratio of about 115%. The available fund balance ratio will remain consistent with prior years at around 15%, which is lower than similarly rated peers, however this is somewhat offset by the sizable restricted position in the city's capital improvements tax fund, which is accumulated primarily from income tax collections. Post-sale leverage will be moderate at about 250% and the fixed-costs ratio will remain near 12%.

The Aaa GOLT rating is the same as the issuer rating and reflects the city's full faith and credit pledged to the repayment of its limited tax debt.

The Aa1 rating on the non-ad valorem tax obligations is one notch lower than the issuer rating due to a weaker security pledge that consists of nontax revenues, in particular charges for services, licenses and permits, fines and forfeitures, interest, intergovernmental, rent, and miscellaneous charges.

RATING OUTLOOK

Moody's does not assign outlooks to local government issuers with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Significant decline in liquidity to levels below 50%
- Increase in the long-term liabilities ratio to levels nearing 350%
- Weakening of the local economy that results in a trend of declining income tax revenues

LEGAL SECURITY

The city's GOLT bonds, including the current issuance, are backed by its full faith and credit pledge, along with its ability to levy ad valorem property taxes subject to the statutory ten-mill limitation defined in Ohio (Aaa stable) law.

Debt service on the nontax revenue bonds is payable from nontax revenues. The nontax revenue bonds contain a satisfactory additional bonds test, requiring a minimum of 2x debt service coverage before additional bonds can be issued.

USE OF PROCEEDS

Proceeds will finance water and sewer improvements, vehicular and pedestrian transportation system improvements, and the construction of a bridge crossing over I-270.

Approximately \$3 million will be used with other available funds to currently refund the city's outstanding Series 2018B bonds.

PROFILE

The City of Dublin is located along the western bank of the Scioto River in Franklin County (Aaa stable), approximately 10 miles northwest of Columbus. It provides a range of services, including public safety, public health, recreation, transportation, and municipal utilities, to roughly 49,000 residents.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.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 on <https://ratings.moody.com/rating-definitions>.

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