

Rating Action: Moody's assigns Aa2 to Washoe County, NV's 2021 GOLT refunding bonds; outlook stable

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New York, June 24, 2021 -- Moody's Investors Service has assigned a Aa2 rating to Washoe County, Nevada's General Obligation (Limited Tax) Flood Control Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2021 in the expected amount of \$14.1 million. Moody's maintains Aa2 ratings on the county's \$163.8 million outstanding general obligation bonds. The outlook is stable.

RATINGS RATIONALE

The Aa2 issuer and GOLT ratings reflect the county's large tax base that is the regional economic hub in northern Nevada with solid prospects for long-term growth and improving diversification. The county has solid finances that will remain a credit strength given the strong and conservative management team that has ably managed through the coronavirus pandemic. The rating also reflects the county's elevated pension liability and manageable debt burden.

The absence of a rating distinction between the county's issuer and GOLT ratings reflects the strength of the full faith and credit pledge in Nevada, which Moody's rates at the same level as the issuer ratings of local governments in the state.

RATING OUTLOOK

The stable outlook reflects our expectation that the county's management team will maintain a strong balance sheet as revenue recovers from the pandemic. The local economy, despite the hit to tourism and gaming caused by the pandemic, will continue to show healthy growth and diversification.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Continued and sustained diversification of the county's economy
- Stability in the local economy and increases in its tax base
- Sustained improvement in the county's financial profile including cash and fund balance

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material weakening of the county's financial profile
- Significant longer-term economic contraction
- Material reduction in the county's assessed value

LEGAL SECURITY

The current offering is secured by the county's full faith and credit pledge, subject to Nevada's constitutional and statutory limitations on overlapping levy rates for property taxes that are capped at combined \$3.64 per \$100 of assessed value.

The bonds are additionally secured by the dedicated 0.125% sales tax levy of the county's flood control component unit.

USE OF PROCEEDS

Proceeds from the bonds will be used to refund the county's outstanding 2006 GOLT flood control bonds.

PROFILE

Washoe County is located in northwestern Nevada (Aa1 negative) and includes the city of Reno (A1 stable).

The county is the second largest economic center of the state with just over 469,800 residents.

METHODOLOGY

The principal methodology used in this rating 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.

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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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Steven Goodman-Leibof
Lead Analyst
REGIONAL_WEST
Moody's Investors Service, Inc.
405 Howard Street

Suite 300
San Francisco 94105
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

William Oh
Additional Contact
REGIONAL_WEST
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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