

Rating Action: Moody's upgrades Talbot County, MD's issuer and GOLT ratings to Aa1 from Aa2; assigns Aa1 to 2022 bonds

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New York, September 14, 2022 -- Moody's Investors Service has upgraded Talbot County, MD outstanding issuer and general obligation limited tax (GOLT) ratings to Aa1 from Aa2. Concurrently, Moody's has assigned a Aa1 to the county's \$24.9 million Public Improvement Bonds, Series 2022.

RATINGS RATIONALE

The upgrade of the issuer rating to Aa1 from Aa2 reflects the county's continued strong financial performance through conservative budgeting that has led to substantial reserves. The county is projecting reserves to remain at strong levels through fiscal 2023. Its local economy is stable but has ongoing developments. Total long term liabilities are manageable along with very low fixed costs.

The Aa1 GOLT is rated the same as the issuer rating given the county's full faith and credit pledge.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

Material expansion of the local economy

Stable reserve position at strong levels

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

Contraction of the local economy

Prolonged decline in reserves

Material increase in leverage and fixed costs

LEGAL SECURITY

The bonds are general obligations of the county and benefit from its full faith and credit subject to the limitation on the tax levy set out in Section 614 of the Charter of Talbot County.

USE OF PROCEEDS

The bonds will finance upgrades to the Talbot County Public Safety Building and the Talbot Health Department Facility.

PROFILE

Talbot County, MD is located in eastern Maryland. Its population in 2020 was over 37,000.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at <https://ratings.moodys.com/api/rmc-documents/70015>. 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

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