

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns a Aa1 rating to Baldwin County's (AL) \$10.6 million General Obligation Warrants, Series 2012

Global Credit Research - 15 Aug 2012

Affirmation of the Aa1 rating affects \$127.7 million in previously issued debt

New York, August 15, 2012 --

Moody's Rating

Issue: General Obligation Warrants, Series 2012; Rating: Aa1; Sale Amount: \$10,625,000; Expected Sale Date: 08/15/2012; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a Aa1 rating to Baldwin County's (AL) \$10.6 million General Obligation Warrants, Series 2012. The warrants are secured by a general obligation, limited ad valorem tax pledge of the county. Concurrently, Moody's has affirmed the Aa1 rating on \$127.7 million in previously issued parity debt.

SUMMARY RATINGS RATIONALE

The Aa1 rating reflects the county's sizeable tax base with above-average wealth levels, history of prudent fiscal management, solid financial position marked by significant General Fund reserves, and small debt burden. The proceeds will be used to refund the Series 2004B Warrants for an estimated net present value savings of \$981,000, or 9.8% of refunded principal, with no extension of maturity.

STRENGTHS

- Solid financial management and sizeable General Fund reserves
- Size and location of tax base
- Low debt burden

WEAKNESSES

- Below-average amortization of principal

WHAT COULD MAKE THE RATING GO UP:

- Growth in tax base
- Improved reserve levels and cash position

WHAT COULD MAKE THE RATING GO DOWN:

- Deterioration in General Fund reserve levels
- Significant increased debt burden
- Decreases in tax base valuations

The principal methodology used in this rating was General Obligation Bonds Issued by U.S. Local Governments published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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