

Rating Action: Moody's assigns Aa1 rating to Baldwin County AL's \$10.2M GO Taxable Warrants, Series 2014

Global Credit Research - 12 May 2014

Affirmation affects approximately \$103M in outstanding debt

New York, May 12, 2014 --

Moody's Rating

Issue: General Obligation Taxable Warrants Series 2014; Rating: Aa1; Sale Amount: \$10,155,000; Expected Sale Date: 5/19/2014; Rating Description: General Obligation Limited Tax

Opinion

Moody's Investors Service has assigned a Aa1 rating to Baldwin County's (AL) \$10.2 million General Obligation Taxable Warrants, Series 2014. Concurrently, Moody's has also affirmed the Aa1 rating on approximately \$103 million in previously issued parity debt. The warrants are secured by a general obligation, limited ad valorem tax pledge of the county. Proceeds from the Series 2014 Warrants, in combination with a \$15 million loan from their Oil & Gas Trust Fund, will repay a short-term bank loan.

SUMMARY RATINGS RATIONALE

The Aa1 rating reflects the county's sizeable tax base with above-average state wealth levels, history of prudent fiscal management and satisfactory reserves and low debt burden.

STRENGTHS

- Solid financial management and fiscal policies
- Substantial tax base with above-average state wealth levels
- Low debt burden

WEAKNESSES

- Assessed value declines due to the economic recession and Gulf of Mexico oil spill
- Reduced General Fund reserves in fiscal 2013 due to debt repayment

WHAT COULD MAKE THE RATING GO UP:

- Significant growth in General Fund reserves
- Sizeable tax base increases

WHAT COULD MAKE THE RATING GO DOWN:

- Reductions in General Fund reserves beyond unaudited fiscal 2013 figures
- Sizeable increases in debt burden

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moody.com for a copy of this methodology.

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