



Rating Action: Moody's assigns Aaa to City of Coppell's, TX GOLT bonds, Series 2020

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New York, August 03, 2020 -- Moody's Investors Service has assigned a Aaa to the City of Coppell's, TX \$28.6 million Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2020. Moody's maintains the Aaa issuer and Aaa general obligation limited tax (GOLT) rating on the city's previously issued debt.

RATINGS RATIONALE

The Aaa rating reflects a large tax base with strong resident wealth that benefits from easy access to employment opportunities in the Dallas/Fort Worth (DFW) metropolitan area. The rating incorporates the city's steady history of very strong reserves supported by multiple years of solid operating performance. The rating also considers the city's modest debt and pension burden that will remain affordable supported by a stable local economy, and prudent financial practices.

The lack of distinction between the issuer rating and general obligation limited tax rating is based on the city's ample taxing headroom of approximately 12.4 times, which offsets the lack of a full faith and credit pledge and inability to override the statutory cap.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for Coppell given the city's strong liquidity and year-to-date results exhibiting resiliency so far in the pandemic. However, the situation surrounding Coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of Coppell changes, we will update the rating and/or outlook at that time.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Tax base contraction
- Trend of operating imbalance and/or inability to balance recurring budget after implementation of new sales tax laws
- Significant debt issuance absent corresponding increase in tax base

LEGAL SECURITY

The certificates are secured by a direct and continuing annual ad valorem tax, levied on all taxable property within the limits prescribed by law, as well as a limited pledge not to exceed \$1,000 of surplus net revenues of the city's water and sewer system.

USE OF PROCEEDS

Proceeds from the sale of the bonds will be used for improvements related to streets, public safety, and the city's water and sewer system.

PROFILE

The City of Coppel is primarily located in Dallas County (Aaa stable) with a very small portion in Denton County (Aaa stable). The city covers roughly 14.7 square miles near the DFW International Airport (Dallas-Fort Worth International Airport Board, TX - A1 stable). The city has approximately 41,290 residents.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in July 2020 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.moody.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 at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

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