

**Rating Action: Moody's assigns Aaa to City of Coppel'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 Coppel'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 Coppel 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 Coppel 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 Coppell 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](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1230443). Alternatively, please see the Rating Methodologies page on [www.moody.com](http://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](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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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](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1133569).

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John Nichols  
Lead Analyst  
Regional PFG Dallas  
Moody's Investors Service, Inc.  
Plaza Of The Americas  
600 North Pearl St. Suite 2165  
Dallas 75201  
US

JOURNALISTS: 1 212 553 0376  
Client Service: 1 212 553 1653

Chandra Ghosal  
Additional Contact  
Municipal Supported Products  
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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