

**Rating Action: Moody's assigns Aaa to City of Coppell, TX's GO Bonds, Series 2021**

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19 Apr 2021

New York, April 19, 2021 -- Moody's Investors Service has assigned a Aaa rating to the City of Coppell's \$8 million General Obligation Refunding Bonds, Series 2021 and \$21.7 million Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2021. 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 issuer 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 city has a history of maintaining strong reserves supported by multiple years of operating surpluses. While the city's debt burden is slightly elevated relative to Aaa rated peers, pension and OPEB liabilities are moderate and overall fixed costs are manageable, providing operating flexibility.

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 times, which offsets the lack of a full faith and credit pledge and inability to override the statutory cap.

**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 RATINGS**

- Not applicable

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS**

- Trend of operating deficits leading to a material reduction in reserve levels
- Significant debt issuance absent corresponding increase in tax base

**LEGAL SECURITY**

The city's bonds and certificates, including Series 2021, are direct obligations of the city secured by a direct and continuing annual ad valorem tax, levied on all taxable property within the limits prescribed by law, with the certificates further secured by a limited pledge not to exceed \$1,000 of surplus net revenues of the city's water and sewer system.

**USE OF PROCEEDS**

Proceeds of the bonds will refund all maturities of the outstanding General Obligation Refunding and Improvement Bonds, Series 2011 and the Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2011 for savings with no extension of maturity.

Proceeds from the sale of the certificates will be used for improvements related to streets 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 41,410 residents.

**METHODOLOGY**

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1260094](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.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 Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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