

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's Assigns Aaa rating to Dallas County [TX] \$36.64 million Limited Tax Notes, Series 2013 and \$10.76 million Limited Tax Refunding Bonds, Series 2013; Outlook is stable

Global Credit Research - 06 May 2013

Aaa rating applies to \$152.09 million in post-refunding parity debt

New York, May 06, 2013 --

Moody's Ratings

Issue: Limited Tax Notes, Series 2013; Rating: Aaa; Sale Amount: \$36,635,000; Expected Sale Date: 05/15/2013; Rating Description: General Obligation Limited Tax

Issue: Limited Tax Refunding Bonds, Series 2013; Rating: Aaa; Sale Amount: \$10,760,000; Expected Sale Date: 05/15/2013; Rating Description: General Obligation Limited Tax

Opinion

Moody's Investors Service has assigned a Aaa rating to Dallas County [TX] \$36.64 million Limited Tax Notes, Series 2013 and \$10.76 million Limited Tax Refunding Bonds, Series 2013. Moody's has also affirmed the Aaa rating on the county's previously issued general obligation debt that includes \$43.26 million in unlimited tax debt and \$72.9 million in limited tax debt. Proceeds from the notes will fund energy improvements at county facilities while the refunding is expected to produce an estimated 6% net present values savings.

SUMMARY RATING RATIONALE

The county's limited tax debt is secured by an ad valorem tax limited to a tax rate of \$8.00 per \$1,000 of assessed valuation and the unlimited tax road bonds are secured by an unlimited ad valorem tax on all taxable property in the county. The Aaa rating reflects the county's large and diverse tax base that is demonstrating recovery in the tax base for the most recent fiscal year. Additionally, the rating reflects the county's favorable surpluses in recent years moving towards establishment of a healthy General Fund reserve. Finally, the Aaa takes into consideration the low debt burden and a straight forward debt portfolio that includes only fixed rate debt. The stable outlook reflects the county's economy, financial position and debt that are expected to remain stable for the long term.

STRENGTHS

Large and diverse tax base

Strengthening financial reserves

Low direct debt burden

Ample taxing margin

CHALLENGES

Low socioeconomic profile

Three year trend of tax base decline between 2010 and 2012

Outlook

Moody's Aaa rating for Dallas County is stable which reflects the large tax base and low debt burden. The stable outlook also reflects our belief that county officials will maintain a General Fund reserve adequate for contingencies at a level consistent with the current rating.

WHAT COULD MAKE THE RATING GO UP - N/A

WHAT COULD MAKE THE RATING GO DOWN

Narrowing of the General Fund reserve or liquidity

Trend of significant declines in the tax base

RATING METHODOLOGY

The principal methodology used in this rating was General Obligation Bonds Issued by US Local Governments published in April 2013. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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