

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to Bernalillo County, NM's GOs, Ser. 2020; stable outlook

30 Jan 2020

New York, January 30, 2020 -- Moody's Investors Service has assigned a Aaa to Bernalillo County, NM's \$8.375 million General Obligation Bonds, Series 2020. We have maintained the Aaa rating on outstanding parity obligations. The outlook is stable.

RATINGS RATIONALE

The Aaa rating is based on the county's sizeable tax base, strong financial performance that is expected to remain healthy despite a planned draw in fiscal 2020, and a low direct debt burden. The rating further incorporates the county's above average pension burden (based on its share of PERA's unfunded liabilities) and wide tread water gap.

RATING OUTLOOK

The stable outlook reflects the county's strong financial position, which is expected to remain healthy due to conservative budgeting and adherence to formal fund balance policies. In the near-term, the county's operating performance mitigates an above average pension burden and tread water gap.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE

- A trend of deficits, beyond current projections, that materially reduce reserves
- Significant tax base contractions or sustained declines in GRT collections
- Further increases to pension and fixed cost burdens that are no longer in line with peers

LEGAL SECURITY

The bonds are general obligations of the county and are payable from general (ad valorem) taxes which may be levied against all taxable property within the county without limitation as to rate or amount.

USE OF PROCEEDS

Proceeds from the Series 2020 bonds will be used for various improvements across the county, including libraries, recreation, public works and public safety.

PROFILE

Bernalillo County, the economic and population hub of New Mexico, is located in the north central region of the state at the conjunction of Interstate Highways 25 and 40. The county has roughly 677,000 residents. Its boundaries encompass the entire City of Albuquerque and is home to the University of New Mexico, Kirtland Air Force Base and Sandia National Laboratories.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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