



Rating_Action: Moody's assigns A1 to Unified Govt. of Wyandotte Co./Kansas City, KS' GO bonds and MIG 1 to temporary notes; outlook stable

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New York, February 09, 2023 -- Moody's Investors Service has assigned an A1 rating to the Unified Government of Wyandotte County/Kansas City, KS' (UG) \$42.3 million General Obligation Improvement Bonds, Series 2023-A and MIG 1 ratings to the \$44.8 million Municipal Temporary Notes, Series 2023-I and \$6.5 million Municipal Temporary Notes, Series 2023-II. Concurrently, Moody's has affirmed the following ratings: A1 issuer rating; A1 rating on the outstanding general obligation unlimited tax (GOULT) bonds; A1 rating on the outstanding revenue bonds issued by the Unified Government of Wyandotte County/Kansas City Public Building Commission, KS (PBC) for which the UG is the obligor; A3 rating on the outstanding Taxable Special Obligation Annual Appropriation Refunding Bonds, Series 2020-D; MIG 1 on the outstanding temporary notes. The UG will have \$1.3 billion in total debt post-sale. The outlook is stable.

RATINGS RATIONALE

The A1 issuer rating reflects a large and growing economy favorably located near employment centers in Johnson County, KS (Aaa stable) and Kansas City, MO (Aa3 stable), modestly growing population, and below median resident income. The rating also incorporates satisfactory financial performance but reserves are below median for the rating category. The rating further reflects the UG's elevated long-term liabilities and fixed costs ratios that will continue to grow because of a growing pension burden and significant future debt plans.

The A1 rating on the GOULT bonds is at the same level as the issuer rating. The GOULT bonds are backed by the UG's full faith and credit pledge, and are paid from a dedicated property tax that is not limited by rate or amount and is levied on all taxable property within the UG, excluding certain incorporated and unincorporated areas.

The A1 rating on the outstanding revenue bonds issued by the PBC is the same level as the issuer rating and reflects the more essential nature of the financed projects and the strength of legal provisions including the lack of annual appropriation, early cancellation, or termination risk.

The A3 rating on the outstanding Series 2020-D bonds reflects a two notch distinction from the issuer rating and incorporates the annual risk of non-appropriation and the less essential purpose of the original financing (construction of a surface parking lot).

The MIG 1 rating reflects the underlying long-term credit quality of the UG reflected in its issuer rating, history of consistent market access and satisfactory cash position at the time of issuance.

RATING OUTLOOK

The stable outlook reflects the expectation that continued economic expansion, utility rate

increases, and bolstered financial policies will enable the UG to maintain balanced operations over the near term and will help to provide the necessary revenue to afford increasing debt service.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Strengthening of full value per capita and resident income
- Material, sustained improvement in fund balance and liquidity
- Significant decline in long-term liabilities ratio
- Not applicable (short-term notes)

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Weakened economic metrics
- Trend of operational imbalance and/or decline in reserves
- Material increase in long-term liabilities or associated fixed costs
- Downgrade of the UG's issuer rating (short-term notes)
- Significant decline in liquidity (short-term notes)

LEGAL SECURITY

The GOULT bonds are general obligations backed by a pledge of the UG's full faith, credit and resources and are payable from ad valorem property taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the UG, excluding the incorporated areas of Bonner Springs, Edwardsville and Lake Quivira, and excluding the unincorporated areas of the UG.

The Series 2023-I notes are general obligations backed by a pledge of the UG's full faith, credit and resources and are payable from ad valorem property taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the UG, excluding the incorporated areas of Bonner Springs, Edwardsville and Lake Quivira, and excluding the unincorporated areas of the UG.

The Series 2023-II notes are backed by a pledge of the UG's full faith, credit and resources and are payable from ad valorem property taxes which may be levied without limitation as to rate or amount upon all taxable tangible property, real and personal, within the territorial limits of the UG.

The revenue bonds issued by the PBC are special obligations of the PBC payable solely from basic rent payments made by the UG. The lease terms are coterminous with the maturity of the revenue bonds. Additionally, the UG's obligation to make basic rent payments to the PBC is not subject to annual appropriation, early cancellation, or termination. Upon retirement of the revenue bonds the title to the respective facilities will revert to the UG.

The Series 2020-D bonds are special obligations of the UG subject to and dependent on annual appropriations made by the Commission. The UG is not obligated to levy or pledge any form of taxation or make any appropriation or payments beyond those appropriated for the then current

fiscal year.

USE OF PROCEEDS

The bonds will finance certain public improvement projects and a legal settlement of the UG as well as retire a portion of the Series 2022-I and all of Series 2022-II temporary notes.

The Series 2023-I notes will finance a portion of the cost of various street, bridge, utility, public parking and other public projects, pay capitalized interest on the notes, and retire a portion of the Series 2022-I temporary notes.

The Series 2023-II notes will finance the costs of acquiring and implementing certain public safety communication equipment and the acquisition and implementation of certain software to serve Wyandotte County and its environs as well as capitalized interest on the notes.

PROFILE

The Unified Government of Wyandotte County/Kansas City is the state's third largest metro area with an estimated population of 169,000. The government serves as a regional employment center for manufacturing, transportation, health care and retail. The UG provides services such as public safety, parks and recreation, operation of a court system and jail, economic development, infrastructure, election administration, and sewer and stormwater services. Kansas City, KS Board of Public Utilities (BPU), which is an administrative agency of the UG, provides water and electric power to residents.

METHODOLOGY

The principal methodology used in the long-term ratings was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/api/rmc-documents/386953>. The principal methodology used in the short-term ratings was Short-term Debt of US States, Municipalities and Nonprofits Methodology published in July 2020 and available at <https://ratings.moodys.com/api/rmc-documents/67339>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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 on <https://ratings.moodys.com/rating-definitions>.

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