

**Rating Action: Moody's assigns A2 to Van Alstyne, TX's Series 2022 GOLT certificates of obligation**

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New York, March 31, 2022 -- Moody's Investors Service has assigned an A2 to the City of Van Alstyne, TX's \$3.6 million Combination Tax and Revenue Certificates of Obligation, Series 2022. Moody's maintains the A2 on the city's issuer rating and previously issued general obligation limited tax (GOLT) debt. Post-sale, the city will have \$19.3 million in GOLT outstanding debt.

**RATINGS RATIONALE**

The A2 issuer rating reflects a small but rapidly growing tax base favorably located north of Dallas, as well as the city's stable financial position and reserves that are healthy though nominally small and slightly below average for the assigned rating. The rating also considers the city's wealth indicators which are near national levels, a manageable debt burden, and a pension profile that should remain affordable.

The absence of distinction between the issuer rating and the GOLT rating is based on the city's ample taxing headroom of more than 733% when comparing the maximum allowable levy to projected maximum annual debt service (MADS). This headroom offsets the absence of a full faith and credit pledge and the city's inability to override the statutory cap.

**RATING OUTLOOK**

Moody's does not generally assign outlooks to local governments with this amount of debt outstanding.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

- Substantial tax base expansion
- Significant upward trend in financial reserves and liquidity

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

- Material reduction of reserves to levels inconsistent with peers
- Additional debt absent additional tax base growth

**LEGAL SECURITY**

The certificates are payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property located within the city. The certificates are additionally secured by a pledge of surplus net utility revenues.

**USE OF PROCEEDS**

Certificate proceeds will be used for a new park in the city's downtown area.

**PROFILE**

The City of Van Alstyne, TX is a rapidly growing, primarily residential community located 40 minutes north of Dallas (A1 stable). The estimated population is 5,664 for fiscal 2022.

**METHODOLOGY**

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at [https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM\\_1260094](https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1260094). 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's.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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