



Rating Action: Moody's assigns Aa2 to Cook County CCSD 15 (Palatine), IL's GOULT bonds

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New York, August 24, 2023 – Moody's Investors Service has assigned a Aa2 rating to Cook County Community Consolidated School District 15 (Palatine), IL's General Obligation School Bonds, Series 2023A and General Obligation School Bonds (Alternate Revenue Source), Series 2023B with expected par amounts of \$41 million and \$34.5 million, respectively. Concurrently, Moody's has affirmed the district's Aa2 issuer rating and the Aa2 rating on outstanding general obligation unlimited tax (GOULT) and general obligation limited tax (GOLT) debt. Following the sale, the district will have just over \$156 million in general obligation debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects the district's large tax base with solid economic indicators, trend of strong financial operations and low reliance on the state. Leverage will remain below average for the rating category, inclusive of borrowing for a large capital program that the district is in the process of funding, in part due to state support for contributions to an underfunded teacher retirement system. The rolling three-year enrollment trend is negative and likely to moderate over the next several years, though enrollment is not a driver of the State of Illinois' (A3 stable) evidence-based funding formula.

The Aa2 GOULT rating is equivalent to the issuer rating based on the district's general obligation full faith and credit pledge as well as an unlimited property tax that is dedicated to debt service.

The absence of a distinction between the Aa2 GOLT rating and the issuer rating is based on a broad all available funds pledge, with debt service supported by a dedicated tax levy unlimited as to rate, though limited in amount by the district's debt service extension base (DSEB).

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Significant growth in reserves and liquidity
- Strengthening of resident income levels and full value per capita to levels on par with higher rated peers
- Maintenance of manageable leverage burden

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Narrowing of reserves and liquidity
- Significant growth in the district's debt or pension burden

LEGAL SECURITY

The district's GOULT bonds, including the Series 2023A and Series 2023B bonds, are backed by its pledge and

authorization to levy a property tax unlimited as to rate or amount to pay debt service. The district has also pledged additional revenue to the Series 2023B bonds from general operating funds. The pledged revenue are taxes, grants, state aid, interest earnings and other revenue available for improvement, maintenance, repair and benefits of buildings, facilities and properties, as well as available tax increment revenue. The district has covenanted that the property tax levy will be abated only after sufficient revenue has been collected and deposited into the bond fund, in an amount not less than 125% of debt service.

Debt service on the district's GOLT debt is backed by the district's pledge of all available funds and supported by a dedicated property tax levy that is unlimited as to rate, but limited in amount by the district's DSEB, which is currently \$6.4 million.

USE OF PROCEEDS

Proceeds from the Series 2023A and Series 2023B bonds will finance capital improvements, equipment and addition at district facilities, the second of four phases to be completed as part of the districtwide master facility plan.

PROFILE

Located approximately 25 miles northwest of Chicago (Baa3 stable), the district serves a majority of the Village of Palatine, the City of Rolling Meadows, and small portions of five other communities. The district provides pre-kindergarten to eighth grade education to approximately 11,300 students.

METHODOLOGY

The principal methodology used in these ratings was US K-12 Public School Districts Methodology published in January 2021 and available at <https://ratings.moodys.com/rmc-documents/70054>. Alternatively, please see the Rating Methodologies page on <https://ratings.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 on <https://ratings.moodys.com/rating-definitions>.

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