



## Rating Action: Moody's assigns MIG 1 to Riverside County, CA's Teeter Plan Obligation Notes, 2023 Series A

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28 Sep 2023

New York, September 28, 2023 -- Moody's Investors Service has assigned a MIG 1 rating to Riverside County, CA's Teeter Plan Obligation Notes, 2023 Series A. The notes will be issued in the approximate par amount of \$103.2 million. Moody's maintains a MIG 1 rating on the county's 2022 Series A bonds expected to be repaid Oct 19th, 2023.

### RATINGS RATIONALE

The MIG 1 rating is driven by the strong long-term credit quality of Riverside County, as reflected in its Aa2 issuer rating with a stable outlook. The MIG 1 rating also reflects the notes' pledge of Teeter program revenues, which have historically been highly reliable, with total pledged unpaid taxes exceeding the notes. The notes may also be paid from lawfully available balances in the county's general fund, which will remain strong through the notes' maturity, supported by balanced operations, an adopted reserve policy, and conservative budgeting practices.

The county's Aa2 issuer rating reflects a healthy economy and continued expansion in a diverse tax base, as well as strengthened reserves and strong budget management. The rating also incorporates average resident income and manageable long-term liabilities.

### RATING OUTLOOK

Outlooks are not assigned to short-term ratings.

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

- Not applicable

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

- Multi-notch downgrade of the county's long-term issuer rating
- Material weakening of the financial position of the Teeter program, the general fund, or other available reserves and liquidity

### LEGAL SECURITY

The Teeter Plan Obligation Notes, 2023 Series A are a senior pledge of delinquent property taxes levied in fiscal 1994 through fiscal 2023 by taxing entities participating in the county's Teeter program and all amounts received by the county upon the redemption or sale of property to recover such property taxes or assessments. Exclusive of fiscal 2023 taxes receivable, the total unpaid taxes securing the notes exceed the 2023 note amount by \$8.2 million.

The notes are also payable from lawfully available moneys in the county's general fund, including available revenues generated in the prior, current or any subsequent fiscal year as well as \$1.5 billion of borrowable fund balances in its special revenue, capital project, enterprise and internal service funds. However, taxes pledged for repayment of the Teeter notes do not include the county's property tax revenues attributable to fiscal 2023, which are pledged to the county's \$360 million of 2023 Tax Revenue Anticipation Notes due on June 30, 2024. The county's \$12.8 billion

Treasurer's Pooled Investment Fund has the authority and capacity to purchase the notes in the event market access to rollover the notes were not available.

## USE OF PROCEEDS

The proceeds of the Teeter Plan Obligation Notes, 2023 Series A will refund approximately \$57.1 million of the outstanding County of Riverside Teeter Plan Obligation Notes, 2022 Series A constituting the unpaid delinquent property taxes from prior years. Approximately \$46 million of note proceeds will fund an advance of unpaid property taxes for agencies participating in the county's Teeter Plan during fiscal 2024.

## PROFILE

Located in southern California, Riverside County encompasses around 7,177 square miles. The county is the fourth largest in the state by area and stretches 185 miles from the Arizona (Aa1 stable) border to within 20 miles of the Pacific Ocean. There are 28 incorporated cities in the county, with an estimated population of 2.4 million as of 2021. The county provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services, judicial institutions and public assistance programs. The county is governed by a five-member board of supervisors.

## METHODOLOGY

The principal methodology used in this rating was US Municipal Short-term Debt Methodology published in May 2023 and available at <https://ratings.moodys.com/rmc-documents/398329>. 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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