

Rating Action: Moody's assigns Aaa to Cook County H.S.D. 203 (New Trier Township), IL's GOs; outlook stable

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New York, April 01, 2021 -- Moody's Investors Service has assigned Aaa ratings to Cook County High School District 203 (New Trier Township), IL's \$50.2 million General Obligation School Bonds (Alternate Revenue Source), Series 2021A and \$4.1 million General Obligation Limited Tax School Bonds, Series 2021B. Moody's has also affirmed the district's Aaa issuer rating, which reflects the district's ability to repay debt and debt like obligations without consideration of any pledge, security, or structural features. Moody's has also affirmed the Aaa ratings on the district's outstanding general obligation unlimited tax (GOULT) bonds, general obligation limited tax (GOLT) debt certificates and general obligation limited tax (GOLT) debt service extension bonds. The outlook is stable. Following the upcoming sale, the district will have about \$136 million in Moody's rated debt outstanding.

RATINGS RATIONALE

The Aaa issuer rating reflects the district's extremely high resident incomes and wealth, robust financial reserves and liquidity inclusive of upcoming planned draws, stable enrollment, and manageable leverage ratio and fixed costs. The district remains exposed to contingent risk from state support of underfunded teacher pensions. The coronavirus pandemic is not materially affecting the district's credit profile.

The Aaa GOULT rating is rated at the same level as the Aaa issuer rating given the district's pledge of all legally available revenue with authority to raise property taxes unlimited as to rate or amount for debt repayment.

The Aaa general obligation limited tax (GOLT) rating on the debt service extension base bonds are rated at the same level as the Aaa issuer rating given the district's pledge of all legally available revenue with authority to raise property taxes unlimited as to rate but limited as to the amount of the debt service extension base.

The Aaa general obligation limited tax (GOLT) rating on the debt certificates are rated at the same level as the Aaa issuer rating given the district's pledge of all legally available revenue although it does not have authority to raise a separate property tax for debt certificate repayment.

RATING OUTLOOK

The stable outlook reflects the high demand for the area which will continue to support strong resident incomes and wealth while prudent financial practices will drive the maintenance of substantial reserve levels over the next several years. The outlook also reflects our expectation that leverage will remain affordable supported by the large base and minimal additional debt needs.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Considerable declines in resident wealth or incomes
- Large draws on reserves
- Increase in leverage or fixed costs

LEGAL SECURITY

The Series 2021A bonds are ultimately secured by the district's general obligation pledge of all legally available revenue with authority to raise property taxes unlimited as to rate or amount. The bonds also carry a pledge of alternate revenue of property taxes and other receipts from its operations and maintenance fund for debt repayment. The district will abate its property tax levy for bond repayment as long as these alternate revenues

are projected to cover annual debt service payments by a 1.25x coverage ratio.

The Series 2021B bonds are secured by the district's pledge of all legally available revenue with authority to raise property taxes unlimited as to rate but limited as to the amount of the debt service extension base.

USE OF PROCEEDS

The Series 2021A bonds finance the renovation, repair, demolition and building additions to the district's east side Winnetka Campus athletic and academic facility.

The Series 2021B bonds will increase the working cash fund of the district then be transferred for school-related capital projects.

PROFILE

Cook County HSD 203 (New Trier Township) is in northeastern Illinois and is headquartered in Northfield, approximately 15 miles north of downtown Chicago (Ba1 negative). The district's K-12 enrollment is about 4,000 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://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1202421. Alternatively, please see the Rating Methodologies page on 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.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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