

New Issue: Maitland (City of) FL

MOODY'S ASSIGNS Aa3 INITIAL RATING TO THE CITY OF MAITLAND'S (FL) \$15.67 MILLION LIMITED TAX GENERAL OBLIGATION BONDS, SERIES 2005

ISSUER RATING OF Aa2 ASSIGNED

Municipality
FL

Moody's Rating

ISSUE	RATING
Limited Tax General Obligation Bonds, Series 2005	Aa3
Sale Amount \$15,665,000	
Expected Sale Date 05/24/05	
Rating Description General Obligation, Limited Tax	

Opinion

NEW YORK, May 18, 2005 -- Moody's Investors Service has assigned a Aa3 rating on the City of Maitland's (FL) \$15.67 million Limited Tax General Obligation Bonds, Series 2005. The bonds are secured by the city's general obligation to levy and collect ad valorem taxes on all taxable property limited to one-half of one mill per year. Proceeds will be used to finance the construction of a new police and fire building and city hall complex as well as refinance a loan initially borrowed for construction of the west side fire station and public works yard. This is the initial phase of a voter-approved, general obligation borrowing in the amount of \$18.5 million. At this time, Moody's has also assigned a Aa2 Issuer Rating to the city. Both ratings reflect the city's growing and affluent tax base, strong financial operations supported by a modest operating tax rate and healthy reserves, and manageable debt position. The Aa3 rating on the current issue also reflects the limited nature of the security given that the city may only levy up to .5 mills for debt service.

WEALTHY, DIVERSE ECONOMIC BASE

Moody's believes that the city will continue to experience growth going forward given its location in Orange County within the Orlando (issuer rating of Aa2) MSA and diverse tax base. While much of the city's land is developed, ongoing redevelopment has continued to provide construction activities and additional tax base growth. The city's estimated actual value of taxable property is \$2.1 billion in fiscal 2004 and has grown by a healthy annual average of 10.5% over the past five years. Taxable value has also grown rapidly, averaging 10.9% annually. Future growth should continue to be bolstered by some new development as well as redevelopment of the downtown area. Socioeconomic indices strongly exceed state and national levels and full value per capita is a strong \$175,111. Employment opportunities within the city and in Orlando are numerous.

WELL-MANAGED FINANCES CHARACTERIZED BY HEALTHY RESERVES AND NOTABLE TAXING MARGIN

Moody's expects that the city's growing tax revenues and proven ability to control expenses will continue to sustain favorable operating performance. Despite a \$3.4 million reserve reduction in 2003 driven by a one-time transfer to one of the Capital Project Funds, the city's financial position is healthy, evidenced by a September 30, 2004 General Fund balance of \$10.5 million (a very healthy 47.8% of General Fund revenues). Moody's also gains comfort from the city's policy to maintain 10% of the expenditure budget in an emergency reserve held in the General Fund. City officials report that fiscal 2005 is anticipated to end with either balanced or surplus operations. The revenue base is fairly diverse, with property taxes as the largest revenue source, consisting of about 31% of revenues. Significant financial flexibility remains as the city's operating millage rate for fiscal 2005 is only 38% of the statutory limit, allowing for ample available taxing margins.

MANAGEABLE DEBT POSITION

Moody's believes that the city's manageable debt position, reflected by a modest direct debt burden of 0.9%, will be maintained as the city is an infrequent issuer of debt. The overall debt burden of 3.7% is moderate

due to the city's share of the debt of overlapping entities, including the county and the county-wide school district. The city expects to issue additional debt of approximately \$14 million within the year through its Community Redevelopment Agency; this will probably be in the form of Tax Increment Financing (TIF) bonds. Moody's expects the city's growing taxable property values to add support for a continuation of favorable debt levels. Annual debt service costs are also affordable at only 1.6% of fiscal 2004 operating expenditures.

The city is also in arbitration with Progress Energy, Florida (senior unsecured rated A3) to determine whether it will purchase Progress Energy's electric distribution system that serves the city. Should the city do so, the bonds issued to purchase the system would be secured by electric system revenues and are expected to be self-supporting.

KEY STATISTICS

2000 Population: 12,019

2004 Full Valuation: \$2.1 billion

Full value per capita: \$175,111

1999 Per Capita Income as % of State: 173.0%

1999 Median Family Income as % of State: 152.3%

FY 2005 Operating Tax Rate as % Statutory Limit: 38%

Average Annual Assessed Value Growth, FY 1999-2004: 10.9%

Average Annual Full Value Growth, FY 1999-2004: 10.5%

Debt Burden: 3.8%

Direct Debt Burden: 0.9%

FY04 General Fund Balance: \$10.5 million (47.8% of General Fund revenues)

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