

# MOODY'S

## INVESTORS SERVICE

### **Rating Action: Moody's assigns Aaa to Port of Houston Authority's, TX GOULT, Series 2018A (AMT)**

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04 Jun 2018

New York, June 04, 2018 -- Moody's Investors Service has assigned a Aaa rating to Port of Houston Authority's (Harris County), TX approximately \$178.6 million Unlimited Tax Refunding Bonds, Series 2018A (AMT). Moody's maintains the Aaa on \$436.8 million in previously issued general obligation unlimited tax debt. The authority additionally has \$202.5 million not rated by Moody's but considered in our analysis.

#### RATINGS RATIONALE

The Aaa rating reflects the authority's significant and expansive tax base that is coterminous with Harris County (Aaa stable) and supported by the robust and vibrant Houston (Aa3 stable) economy. The tax base should continue to see steady growth, although the pace of growth will likely be tempered in the next two to three years, compared to the recent past, as the area rebuilds from the impact of Hurricane Harvey which made landfall in August 2017. Additional considerations strong operating performance and healthy reserves, a byproduct of growing port operations in large part due to its competitive edge, and modest debt and pension levels.

#### 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

- Not applicable

#### FACTORS THAT COULD LEAD TO A DOWNGRADE

- Sizeable tax base contraction
- Material reduction in reserves, restricting the authority's financial flexibility

#### LEGAL SECURITY

The bonds are secured by a direct and continuing annual ad valorem tax, levied against all taxable property, without legal limitations as to rate or amount.

#### USE OF PROCEEDS

Proceeds from the sale will be used to redeem certain maturities of the authority's outstanding debt for an expected net present value savings of 21.8% and no extension of final maturity.

#### PROFILE

Port of Houston Authority is a navigation district that was originally constituted in 1911. The port has been a deep draft port since 1914 and consists of the authority's publically owned terminals, as well as more than 150 privately owned wharves, docks and other facilities. The port (including facilities not owned by the authority) is ranked first in the nation for foreign waterborne tonnage, and second in terms of total tonnage. As of December 31, 2017, the authority had 620 regular employees.

#### METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

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