



New Issue: **Walton County Water & Sewerage Authority, GA**

MOODY'S UPGRADES TO Aa3 FROM A1 OCONEE COUNTY'S (GA) G.O. (ULT) BONDS

Aa3 APPLIES TO REVENUE BONDS (OCONEE-HARD LABOR CREEK RESERVOIR PROJECT), SERIES 2008 ISSUED THRU WALTON COUNTY WATER AND SEWERAGE AUTHORITY

Oconee (County of) GA
County
GA

Moody's Rating

ISSUE	RATING
Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008	Aa3
Sale Amount	\$19,585,000
Expected Sale Date	03/25/08
Rating Description	County's General Obligation (ULT)

Opinion

NEW YORK, Mar 19, 2008 -- Moody's Investors Service has assigned a Aa3 rating to Oconee County's (GA) \$19.6 million Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, issued through the Walton County Water and Sewerage Authority. There is no outlook on the county. The bonds are secured by the county's general obligation pledge provided through an intergovernmental contract with the authority. Concurrently, Moody's has upgraded the county's long-term general obligation rating to Aa3 from A1, affecting \$11.1 million in parity bonds outstanding. The upgrade to Aa3 reflects the county's growing residential tax base and relative increases in already above-average wealth levels, and the history of strong financial operations characterized by annual operating surpluses and sizable reserve levels. The rating also reflects the county's economic stability provided by regional institutional employers and modest debt burden with manageable future borrowing plans. Bond proceeds will finance the county's portion of construction costs for the 1,370-acre Hard Labor Creek Reservoir, a water treatment facility, and storage and transmission infrastructure.

SATISFACTORY PROTECTIONS PROVIDED BY CONTRACTUAL PROVISIONS

Satisfactory legal provisions include a debt service reserve that will be cash-funded at 100% of maximum annual debt service and monthly sinking fund requirements that will be due on the 15th day of each month (relative to debt service dates on February 1 and August 1). The county's obligation to meet debt service requirements is absolute and unconditional, and payments shall be made even if the project is not completed, or is damaged or destroyed. While the county has pledged its general obligation tax pledge to repayment of the bonds, debt service is expected to be paid from, but not secured by, net revenues of the county's water and sewer enterprise system. The financing has been structured with 14 months of capitalized interest and six years of deferred principal payments to partially accommodate the expected construction period. The county has also recently adopted increases to water rates and connection fees to fund the additional debt service expenditures. ✓

RESIDENTIAL BASE WITH ABOVE-AVERAGE WEALTH AND ECONOMIC STABILITY PROVIDED BY PROXIMITY TO ATHENS

Located approximately 53 miles east of Atlanta (G.O. rated Aa3/stable) and immediately southwest of Athens-Clarke County (G.O. rated Aa2), Oconee County has benefited from the rapid expansion of the metro area as well as the economic stability of major regional institutional employers. The mainstay of the Athens-Clarke County economy is the presence of the University of Georgia's (rated Aa2) main campus which employs more than 9,500 and serves nearly 34,000 students. Athens Regional Medical Center serves as the second largest employer in the Athens-Clarke County with more than 3,000 positions. Major employers in Oconee County are somewhat smaller and include retail and manufacturing entities such as Kroger (200 employees), Southwire (145), and Bensons Bakery (120). Accordingly, approximately 52% of county residents commute to Athens-Clarke County, and 28% are employed locally. Reportedly, the commuting population is primarily employed in the health, professional and educational services, as reflected in the county's above-average wealth levels. Per capita income and median family income were 114% and 125% of the state averages in 2000, respectively, well above the national Aa3 medians of 98% and 102%. In addition,