

Rating Action: Moody's assigns Aa3 to Athens, TN's 2021 GOULT bonds; affirms outstanding issuer rating at Aa3

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New York, September 14, 2021 -- Moody's Investors Service has assigned a Aa3 to the city of Athens, TN's \$7.7 million General Obligation Bonds, Series 2021. Concurrently, Moody's has affirmed the city's outstanding issuer rating at Aa3.

RATINGS RATIONALE

The Aa3 on both the issuer and general obligation ratings reflects the city's very strong reserve position generated through annual operating surpluses and manageable long-term liabilities. The Aa3 also reflects its growing tax base but below-average resident income and wealth levels and moderate taxpayer concentration.

RATING OUTLOOK

Moody's typically does not assign outlooks to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Material growth in the local economy
- Improvement in resident income and wealth indicators

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Contraction of the local economy
- Decline in reserves
- Material increase in long-term liabilities

LEGAL SECURITY

The bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the city. For the prompt payment of principal and interest on the bonds, the full faith and credit of the issuer are irrevocably pledged.

USE OF PROCEEDS

The bonds will be used to fund the acquisition and improvements on the municipal building, public works facility, animal shelter, and fire training tower along with various infrastructure improvements.

PROFILE

Athens, TN is located in McMinn County, TN and is approximately half way between Knoxville (Aa1) and Chattanooga. The city's population, according to the 2019 American Community Survey, was 13,851.

METHODOLOGY

The principal methodology used in the issuer and general obligation ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1260094 . 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

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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