

Rating Action: Moody's assigns Aa2 to Sevier County, TN's 2021 GO and GO refunding bonds

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New York, November 08, 2021 -- Moody's Investors Service has assigned a Aa2 rating to Sevier County, TN's \$9.1 million General Obligation Refunding Bonds, Series 2021A and \$9.8 million General Obligation Bonds, Series 2021B. Moody's maintains a Aa2 on the county's outstanding general obligation debt.

RATINGS RATIONALE

The Aa2 reflects the county's very strong financial position and growing local economy, despite exposure to economically sensitive tourism related revenues and development. The Aa2 also reflects its low pension and debt burden but exposure to variable rate debt and swap agreements.

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 RATING

Considerable diversification of the local economic base and improved wealth indicators

Reduced exposure to variable rate debt and swap agreements

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

Significant contraction of the economic base

Material decline in financial position, including decreases in reserves or liquidity

Sizeable growth in debt levels which reduces overall financial flexibility

LEGAL SECURITY

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

USE OF PROCEEDS

The 2021A bonds will be used to refund the county's outstanding General Obligation Bonds, Series 2012 and its outstanding General Obligation Refunding Bonds, Series 2015 for positive net present value savings.

The 2021B bonds will be used to finance various county improvements including a new justice center.

PROFILE

Sevier County, TN is located in eastern Tennessee (Aaa stable) on the western side of the Great Smoky Mountains National Park. The county is approximately 30 miles southeast of Knoxville (Aa1 stable), TN. The county's population is 97,068 according to the 2019 American Community Survey.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on www.moody's.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's.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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