MOODY'S
INVESTORS SERVICE

# Rating Action: Moody's Upgrades Union City, GA's GO Bonds to Aa3

**Global Credit Research - 13 Apr 2017**

New York, April 13, 2017 -- Issue: General Obligation Bonds, Series 2017; Rating: Aa3; Rating Type: Underlying LT; Sale Amount: $5,000,000; Expected Sale Date: 04/17/2017; Rating Description: General Obligation;

Summary Rating Rationale

Moody's Investors Service has assigned a Aa3 rating to Union City, GA's $5 million General Obligation Bonds, Series 2017. Concurrently, we have upgraded the city's $8.5 million of outstanding general obligation bonds to Aa3 from A1 and the city's $1.2 million certificates of participation (COPs) to A1 from A2.

The upgrade to Aa3 reflects the city's improved financial position and recent tax base growth. The rating also incorporates the above average, but manageable, debt burden and taxpayer concentration. The A1 rating on the COPs reflects the risk of non-appropriation, which is partially mitigated by the essentiality of the leased asset (a criminal justice center).

Rating Outlook

Outlooks are not typically assigned to local government issuers with this amount of debt outstanding.

Factors that Could Lead to an Upgrade

Significant tax base growth and diversification

Improved socioeconomic factors

Factors that Could Lead to a Downgrade

Reduction in fund balance or liquidity

Loss of a major taxpayer

Significant increase in debt

Legal Security

The 2017 bonds are secured by the city's unlimited general obligation pledge.

Use of Proceeds

Bond proceeds will fund the construction of a community center.

Obligor Profile

The city located is 15 miles south of downtown Atlanta with a population 20,459.

Methodology

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. An additional methodology used in rating the COPs was Lease, Appropriation, Moral Obligation and Comparable Debt of US State and Local Governments published in July 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of these methodologies.

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