

Rating Action: Moody's Assigns A1 to East Point, GA's Rev. Bonds; Outlook Positive

Global Credit Research - 17 Apr 2017

New York, April 17, 2017 -- Issue: Revenue Refunding Bonds (Water and Sewer Project), Series 2017; Rating: A1; Rating Type: Underlying LT; Sale Amount: \$47,000,000; Expected Sale Date: 04/25/2017; Rating Description: General Obligation Limited Tax;

Summary Rating Rationale

Moody's Investors Service assigns an initial A1 rating to the City of East Point's (GA) \$47 million Revenue Refunding Bonds (Water and Sewer Project), Series 2017 issued through the East Point Building Authority, GA. Post-sale, the city will have \$48 million of general obligation limited tax (GOLT) debt outstanding. The A1 rating reflects the city's limited 15-mill ad valorem tax pledge through an intergovernmental contract with the East Point Building Authority. The rating also incorporates the city's sizeable tax base that benefits from proximity to the City of Atlanta (Aa1 stable), weak socioeconomic indices, strong reserves and liquidity levels supported by healthy financial operations, and a low debt burden.

Rating Outlook

The positive outlook reflects the likelihood of a continued trend of operating surpluses and maintenance of financial reserves and liquidity at healthy levels.

Factors that Could Lead to an Upgrade

Sustained levels of strong operating reserves and liquidity

Expansion and diversification of the city's tax base

Improved socioeconomic metrics of city residents

Factors that Could Lead to a Downgrade/Removal of Positive Outlook

Material declines in full valuation and/or weakening of resident income levels

Deterioration of the city's financial position

Legal Security

The bonds are ultimately secured by the city's full faith and credit ad-valorem tax pledge within the city's self-imposed 15-mill tax limitation through an intergovernmental contract with the Building Authority.

Use of Proceeds

Bond proceeds will refund outstanding Series 2006 and Series 2007 Water and Sewer Revenue Bonds for a net present value savings of \$3.6 million.

Obligor Profile

The City of East Point is located 8 miles south of Atlanta (Aa1 stable) in southern Fulton County (Aa1 Stable), along Interstate 75. As of 2015, the city's population was 35,357, a 4.8% increase from 2010.

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.com for a copy of this methodology.

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