



Rating Action: Moody's Assigns Aaa to Georgia's \$1.4B 2017 GO Bonds; Outlook Stable

Global Credit Research - 12 Jun 2017

New York, June 12, 2017 -- Issue: General Obligation Bonds, Series 2017A; Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$788,640,000; Expected Sale Date: 07/18/2017; Rating Description: General Obligation;

Issue: General Obligation Bonds, Series 2017B; Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$273,450,000; Expected Sale Date: 07/18/2017; Rating Description: General Obligation;

Issue: General Obligation Refunding Bonds, Series 2017C; Rating: Aaa; Rating Type: Underlying LT; Sale Amount: \$352,450,000; Expected Sale Date: 07/18/2017; Rating Description: General Obligation;

Summary Rating Rationale

Moody's Investors Service has assigned a Aaa rating to the State of Georgia's 2017 General Obligation Bonds, totaling \$1.4 billion (see Use of Proceeds section for more details). The outlook is stable. The highest rating incorporates the state's growing economy, solid financial position, modest long-term liabilities, and strong management and governance practices.

Rating Outlook

The stable outlook recognizes that Georgia has likely built up enough reserves to preserve its credit quality at a high level even if the economy were to enter a recession.

Factors that Could Lead to an Upgrade

Not applicable

Factors that Could Lead to a Downgrade

Reversal of positive financial position
Significant growth in long-term liabilities
Economic recession leading to substantial revenue underperformance

Legal Security

The 2017 bonds are general obligations of the state. According to the state's constitution, these bonds are secured by the "full faith, credit, and taxing power of the state." The constitution requires that if the funds in the debt service fund are insufficient to pay debt service, the "first revenues" of the general fund must be set aside to cure the deficiency.

Use of Proceeds

The 2017 bonds will be issued in three series totaling \$1.4 billion: Series 2017A (\$788.6 million), Series 2017B (\$273.5 million), and Series 2017C (\$352.5 million). Proceeds of the 2017A and 2017B bonds will be used to fund a variety of capital projects spanning many state functions, including environmental projects, buildings, prisons, and schools. Proceeds of the 2017C bonds will be used to refund outstanding bonds for net present value savings.

Obligor Profile

Georgia is the eighth-largest state, with a population of 10.3 million.

Methodology

The principal methodology used in this rating was US States Rating Methodology published in April 2013. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

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