

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa1 to Murfreesboro, TN's \$65.4M GO Bonds, Series 2021

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New York, January 20, 2021 -- Moody's Investors Service has assigned a Aa1 rating to the City of Murfreesboro, TN's \$65.4 million General Obligation Bonds, Series 2021. Moody's maintains a Aa1 on the city's outstanding issuer and general obligation ratings.

RATINGS RATIONALE

The Aa1 issuer and GOULT ratings reflect the city's large and growing tax base located within the Nashville metro area. The rating also incorporates the city's strong financial position marked by healthy reserve and cash levels and above-average but affordable debt position.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. Murfreesboro has continued to maintain strong reserve and liquidity levels throughout the pandemic, despite a moderate slowdown in tourism related activities, which only account for a small portion of the city's revenue portfolio (less than 2%). Sales tax and property tax collections are the largest revenue sources and have continued to perform well. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for the city of Murfreesboro. However, the situation surrounding coronavirus continues to evolve and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of the city changes, we will update the rating and/or outlook at that time.

RATING OUTLOOK

Moody's typically does not assign an outlook to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Reduced debt burden which is more in line with rating category medians
- Sizeable increases in tax base and strengthening of socioeconomic profile
- Maintenance of healthy reserve and liquidity levels

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Increases in overall debt position beyond current expectations
- Deterioration of reserve or liquidity positions which reduces overall financial flexibility
- Material declines in assessed values which pressures property tax revenues

LEGAL SECURITY

The Series 2021 bonds are payable from unlimited ad valorem taxes levied on all taxable property within the city. For the prompt payment of principal of and interest on the bonds, the full faith and credit of the city are irrevocably pledged.

USE OF PROCEEDS

Proceeds from the Series 2021 bonds will be used to finance various capital improvement projects including those related to school facilities, public safety facilities and public works facilities.

PROFILE

The City of Murfreesboro serves as the county seat to Rutherford County, located within the Nashville MSA,

and provides services to a growing population of approximately 136,366 (2019 American Community Survey).

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.moodys.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.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1243406.

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