

Rating Action: Moody's Upgrades Savannah, GA's GO debt to Aa1

04 Jun 2018

Assigns Aa1 to \$30.4M Revenue Bonds, Ser. 2018

New York, June 04, 2018 -- Moody's Investors Service has upgraded the city of Savannah, GA's \$54.4 million general obligation and general obligation backed debt to Aa1 from Aa2. Concurrently, we have assigned a Aa1 rating to the city's \$30.4 million Taxable Revenue Bonds (City of Savannah SRL Parking Garage Project), Series 2018, issued through the Downtown Savannah Authority.

RATINGS RATIONALE

The upgrade to Aa1 reflects the city's large and expanding tax base based on robust military, healthcare, higher education and tourism sectors, a sound financial position, low fixed costs and long-term liabilities.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material increase in the city's reserve and liquidity position
- Continued tax base growth and improved socioeconomic factors

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Trend of operating deficits, leading to narrowed reserve levels
- Significant increase in fixed costs
- Tax base deterioration
- Declines in wealth levels

LEGAL SECURITY

The bonds are secured by the city's unlimited general obligation pledge through an intergovernmental contract with the authority.

USE OF PROCEEDS

Bond proceeds will fund the construction of a 700 space parking garage in the city.

PROFILE

The City of Savannah has a population of 146,763 and its local economy includes five colleges that enroll about 26,000 students total, as well as the Port of Savannah and nearby Fort Stewart.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

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