MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to Bangor, ME GOs

12 Aug 2020

New York, August 12, 2020 -- Moody's Investors Service has assigned a Aa2 rating to the city of Bangor, Maine's $48.4 million 2020 General Obligation Refunding Bonds, (Federally Taxable). Moody's maintains the outstanding Aa2 rating on the city's outstanding general obligation limited tax (GOLT) bonds as well as the Aa2 issuer rating.

The issuer rating is our assessment of the credit of GO unlimited tax debt. We consider the pledge supporting the outstanding bonds to be GOLT based on limitations under state law on the city's authority to increase property taxes to pay debt service.

RATINGS RATIONALE

The Aa2 rating reflects a regionally important economy with a significant retail and trade presence in eastern Maine (Aa2 stable). The city is challenged by below average resident wealth and income profiles. The city's financial position is well-managed with historically stable reserve levels. Overall leverage is moderate given manageable pension and OPEB liabilities that offset an elevated debt burden.

The rating on the GOLT debt is the same as the issuer rating based on the city's explicit pledge of its full faith and credit to pay debt service.

RATINGS OUTLOOK

Moody's does not usually assign outlooks to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

-Material improvement in liquidity and reserves

-Strengthening of the tax base and demographic profile

-Material decline in the debt burden

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

-Trend of operating deficits resulting in reserve declines

-Contraction of local economic activity

-Significant declines in the tax base or deterioration of the demographic profile

-Material growth in debt burden

LEGAL SECURITY

Debt service, for this issuance, is secured by the city's general obligation limited tax pledge as debt service is subject to the states property tax limitation known as LD-1.

USE OF PROCEEDS

Bond proceeds will refund the city's outstanding 2012B and 2013B bonds.

PROFILE

Bangor is a city with a population of 33,000 located in eastern Maine, approximately 140 miles northeast of Portland (Aa1 stable).

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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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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_1133569 .

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