

Rating Action: Moody's assigns Aa2 to City of Norwich, CT's \$18.865M GO Bonds

Global Credit Research - 17 Jan 2014

Affirmation Affects \$38.4M in Debt

New York, January 17, 2014 --

Moody's Rating

Issue: General Obligation Bonds, Issue of 2014, Series A, Capital Project Bonds; Rating: Aa2; Sale Amount: \$12,365,000; Expected Sale Date: 01-29-2014; Rating Description: General Obligation

Issue: General Obligation Bonds, Issue of 2014, Series B, Capital Project Refunding Bonds; Rating: Aa2; Sale Amount: \$6,500,000; Expected Sale Date: 01-29-2014; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a Aa2 rating to the City of Norwich's (CT) \$12.365 million Series 2014A Capital Projects Bonds and a Aa2 rating to the city's \$6.5 million Series 2014B Capital Project Refunding Bonds. At this time, Moody's has also affirmed the Aa2 rating on the city's \$38.4 million in outstanding parity debt. The bonds are secured by the city's unlimited property tax pledge. Proceeds of the Series 2014A bonds will be used to finance various school facilities, road and water system improvements, and other municipal improvements. Proceeds of the Series 2014B bonds will be used to refund a portion of outstanding Series 2004B, 2005A, and 2005B bonds for a net present value savings of 4.527% of refunded principal with no extension of the maturity schedule.

SUMMARY RATINGS RATIONALE

The Aa2 incorporates the city's stable financial position, manageable debt burden and profitable utilities system.

STRENGTHS

- Stable financial position
- Manageable debt burden
- Profitable utilities system

WEAKNESSES

- Modest reserves
- Average wealth levels

WHAT COULD MAKE THE RATING GO UP

- Significant tax base growth
- Material improvement in wealth levels
- Increased reserve levels

WHAT COULD MAKE THE RATING GO DOWN

- Decreased reserves and overall financial flexibility
- Increased debt burden

-Declines in the tax base

RATING METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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