

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa3 to Mississippi Dev. Bank's \$29.9M Special Obligation Bonds, Series 2019 (Hattiesburg, MS GO Bond Project)

20 Dec 2018

New York, December 20, 2018 -- Moody's Investors Service has assigned a Aa3 rating to Mississippi Development Bank's \$29.85 million Special Obligation Bonds, Series 2019 (Hattiesburg, Mississippi General Obligation Bond Project). This is an initial rating.

RATINGS RATIONALE

The Aa3 reflects Hattiesburg's growing tax base and low resident wealth and incomes. The rating additionally incorporates Hattiesburg's stable finances, manageable debt and pension burdens, and the significant institutional presence of the University of Southern Mississippi (Aa2) and Camp Shelby.

RATING OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

Significant growth in reserves and liquidity

Tax base expansion

Improved local resident wealth and incomes

FACTORS THAT COULD LEAD TO A DOWNGRADE

Material growth of debt or pension burdens

Erosion of financial position

City falling out of compliance with MDEQ requirements

Inability to produce timely and accurate financial information

LEGAL SECURITY

The Special Obligation Bonds, Series 2019 issued by the Mississippi Development Bank are secured by a pledge of the City of Hattiesburg's City Bond. The City Bond is a general obligation of the city, secured by an ad valorem tax, levied against all taxable property in the city without limitation as to rate or amount.

USE OF PROCEEDS

Proceeds will be used to fund various capital needs of the city primarily for public safety, including a police station, municipal court facility and fire station.

PROFILE

Hattiesburg has a population of approximately 46,846 and is located in southeastern Mississippi. The city is home to the University of Southern Mississippi (Approximately 15,000 student enrollment), Camps Shelby (2,200 employees) as well as several regional health care providers. Hattiesburg is approximately 70 miles from Gulfport (A2 negative) and 90 miles from state capital of Jackson (Baa3 negative).

METHODOLOGY

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

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