

Rating Action: Moody's upgrades Maple Heights, OH to Ba3 from B2; outlook revised to positive

24 Mar 2021

New York, March 24, 2021 -- Moody's Investors Service has upgraded the City of Maple Heights, OH's issuer rating to Ba3 from B2. Concurrently, we have upgraded to Ba3 from B2 the rating on the city's outstanding general obligation limited tax (GOLT) debt. The outlook has been revised to positive from stable. The rating and outlook apply to \$9.4 million in outstanding GOLT debt.

RATINGS RATIONALE

The upgrade to Ba3 reflects the city's significantly improved financial position. Other considerations include its exposure to economically sensitive revenue streams and a weak economic and demographic profile. The city's debt burden is modest and amortization is rapid, however the pension burden is high. The GOLT rating is the same as the issuer rating because payment of limited tax debt service is a full faith and credit obligation of the city.

RATING OUTLOOK

The positive outlook reflects the city's progress toward rebuilding operating reserves. While the improved financial position minimizes the probability of a near-term default, weak economic conditions will remain a challenge. The outlook also considers the likelihood of credit strengthening over the near term should the city continue to demonstrate structurally balanced financial operations.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Strengthening of the demographic and economic profile
- Sustained fiscal stability
- Moderated pension burden

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Sustained economic challenges that pressure revenue and operating reserves
- Substantial growth in leverage from debt and pensions

LEGAL SECURITY

Debt service on the city's outstanding GOLT debt is secured by its full faith and credit and pledge to levy ad valorem property taxes under the ten-mill limitation defined in Ohio law.

PROFILE

Maple Heights is a suburban community located approximately ten miles southeast of downtown Cleveland (A1 stable). It provides municipal services, including public safety, public works and recreation, to over 22,000 residents.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. 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.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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