

Rating Action: Moody's assigns Aa1 to Lawrence, KS' GOULT Ser. 2019-A and MIG 1 to GO Notes Ser. 2019-I

27 Feb 2019

New York, February 27, 2019 -- Moody's Investors Service has assigned a Aa1 to the city of Lawrence, KS' \$4 million General Obligation Improvement Bonds, Series 2019-A and a MIG 1 to the \$26.5 million General Obligation Temporary Notes, Series 2019-I. Moody's maintains the Aa1 rating on the city's outstanding general obligation unlimited tax bonds. Post-sale, outstanding general obligation unlimited tax (GOULT) debt will total \$105.4 million, and outstanding notes will total \$34.5 million.

RATINGS RATIONALE

The Aa1 GOULT rating reflects the city's large and growing tax base, which is anchored by the University of Kansas (Aa2 negative), and slightly above average resident income indices. The rating also incorporates the city's healthy and stable operating reserves, and slightly above median but manageable debt and pension burdens.

The MIG 1 short term note rating considers the city's strengths of the city's long term credit profile, but takes into account adequate takeout management, strong governmental liquidity that exceeds the par amount of the notes, and the city's historically successful market access for bonds and notes issued annually.

RATING OUTLOOK

Moody's generally does not assign outlooks to issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Moderation of the debt and pension burdens
- Material increase in operating reserves

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Trend of tax base contraction
- Material erosion of reserves
- Significant increase in the debt or pension burdens

LEGAL SECURITY

The bonds and notes are secured by the city's general obligation unlimited tax pledge in which the full faith, credit and resources of the city are pledged and will be payable from ad valorem taxes, which may be levied without limitation as to rate or amount. The city intends to repay the notes with long term financing.

USE OF PROCEEDS

Proceeds from the Series 2019-A bonds will fund the city's share of improvements to the humane society facility. Proceeds of the Series 2019-I notes will fund a number of capital projects around the city.

PROFILE

The city of Lawrence is located 28 miles east of Topeka and 40 miles west of Kansas City, MO, and is the home of the University of Kansas. The current population as of 2018 was estimated at 96,892.

METHODOLOGY

The principal methodology used in long term rating was US Local Government General Obligation Debt published in December 2016. The principal methodology used in the short term rating was US Bond

Anticipation Notes published in August 2018. Please see the Rating Methodologies page on www.moody's.com for a copy of these methodologies.

REGULATORY DISCLOSURES

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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.

The person who approved the long term credit ratings is Alexandra Parker, MD-Public Finance, Regional PFG Dallas, Journalists: 1-212-553-0376, Client Service: 1-212-553-1653. The person who approved the short term credit ratings is Tatiana Killen, VP-Senior Analyst, Regional PFG Northeast, Journalists: 1-212-553-0376, Client Service: 1-212-553-1653.

Please see www.moody's.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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