

MOODY'S

RATINGS

Rating Action: Moody's Ratings assigns Aaa to the City of Portland, ME GOs

11 Apr 2025

New York, April 11, 2025 -- Moody's Ratings (Moody's) has assigned a Aaa rating to the City of Portland, Maine's \$20 million 2025 General Obligation Bonds. We maintain the Aaa issuer rating and Aaa rating on the city's outstanding rated general obligation unlimited tax (GOULT) bonds. Post sale, the city will have approximately \$533 million in debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aaa issuer rating reflects the city's sizeable, growing, and diverse tax base and status as a regional economic center in the State of Maine (Aa1 stable). The city maintains a strong and growing financial position. While the city has an elevated debt burden, we expect future issuance activity to be modest, and the elimination of the city's pension obligation bonds in 2026 will be positive for the city's credit profile. Taking into account the city's small pension and OPEB liabilities, the city's total leverage of 133% of revenue compares quite favorably to Aaa peers.

The rating on the GOULT 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.

RATING OUTLOOK

The stable outlook reflects our expectation that city managers will either maintain or improve fund balance levels, while managing the city's debt burden in a prudent manner.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Drop in economic growth to levels below the US median

- Liquidity falling below 40% of revenue
- Long term liabilities well above 200% on a sustained basis

LEGAL SECURITY

Debt service is secured by the city's general obligation unlimited tax pledge as the city pledges its full faith and credit toward repayment of the bonds.

USE OF PROCEEDS

Proceeds from the 2025 bonds will finance a variety of smaller capital improvement projects throughout the city, the largest of which include public works and school projects.

PROFILE

Portland is Maine's largest city and functions as the region's economic and cultural center. The city is located on the southern coast of Maine in Cumberland County (Aa2) and has a population of approximately 68,505.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425429>. Alternatively, please see the Rating Methodologies page on <https://ratings.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 on <https://ratings.moodys.com/rating-definitions>.

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