

MOODY'S RATINGS

Rating Action: Moody's Ratings assigns Aa2 to City of Lebanon, TN's GO Refunding Bonds, Series 2026B

29 May 2026

New York, May 29, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 general obligation unlimited tax (GOULT) rating to the City of Lebanon, TN's proposed \$8.35 million General Obligation Refunding Bonds, Series 2026B. We maintain the city's issuer and outstanding GOULT ratings at Aa2. Post issuance, the city will have approximately \$82.2 million of debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects the city's expanding economic base as a fast growing suburban community within the Nashville metropolitan area, combined with an exceptionally strong financial position characterized by ample reserves and liquidity. Population growth has averaged approximately 6.2% annually since 2019, supported by robust development activity as the city continues to benefit from spillover growth, affordability advantages, and capacity constraints in Nashville's inner-ring suburbs.

Financial flexibility is a key credit strength, with available fund balance totaling \$109.7 million, or 85.6% of revenue at fiscal year end 2025, providing substantial capacity to absorb planned capital spending pressures while maintaining strong reserves. The rating also incorporates expectations for a material increase in leverage associated with major capital initiatives-most notably phase two of the sports complex and substantial water and wastewater infrastructure investments-which are projected to push long-term liabilities above Aa2 medians over the medium term; nonetheless, this pressure is mitigated by the city's exceptionally strong reserve position, anticipated utility rate increases, and favorable economic and tax base growth trends.

The absence of distinction between the issuer and GOULT ratings reflects the city's general obligation full faith and credit pledge.

RATING OUTLOOK

We do not assign outlooks to local governments with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Increase in the resident income ratio to at least 110%
- Ability to maintain a long-term liabilities ratio below 150%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decrease in the available fund balance ratio to 40% or lower
- Increase in the long-term liabilities ratio to 320% or higher

PROFILE

Lebanon, TN serves as the county seat to Wilson County approximately 30 miles east of Nashville. The city's population is 44,788 according to the 2024 American Community Survey.

METHODOLOGY

The principal methodology used in this rating was US Cities and Counties published in December 2025 and available at <https://ratings.moodys.com/rmc-documents/455983>. 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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