



Rating Action: Moody's assigns Aaa to State of Ohio's Infrastructure Improvement General Obligation Bonds, Series 2024A; outlook stable

22 Feb 2024

New York, February 22, 2024 – Moody's Investors Service has assigned a Aaa rating to the State of Ohio's Infrastructure Improvement General Obligation Bonds, Series 2024A. Moody's also maintains the Aaa on Ohio's Issuer Rating and \$6.6 billion of GO Bonds outstanding. The bonds are expected to price the week of March 12. The outlook is stable.

RATINGS RATIONALE

The Aaa general obligation rating is based on the state's sound budgetary and financial management, highlighted by a trend of strong and growing reserves and liquidity, and affordable fixed costs associated with Ohio's low and declining leverage. These strengths are offset by a history of lagging economic and demographic trends, though recent major investments related to electric vehicles and microchips will drive growth in high paying manufacturing jobs.

RATING OUTLOOK

The stable outlook reflects the expectation that Ohio is on solid footing financially and making gradual improvements to its demographics, where possible. The state's strong financial position, including its purposeful efforts to build reserves and budget conservatively support the outlook.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Reduced liquidity and materially lower reserve levels, other than for strategic one-time purposes
- Financial deterioration including a return to budgetary structural imbalance and/or protracted response and recovery to budget gaps
- Unanticipated rise in long-term liabilities and an increase in fixed costs

LEGAL SECURITY

The bonds are secured by a pledge of the full faith and credit, revenue and taxing power of the State of Ohio.

USE OF PROCEEDS

The Series 2024A bond proceeds will be used to finance the costs of public infrastructure capital improvement project of local subdivisions.

PROFILE

Ohio has a population of 11.8 million, located in the Midwest region of the US with 312 miles of shoreline along Lake Erie, according to NOAA. The state is the seventh-largest US state by population, and has a large, diverse economy (2022 nominal GDP of \$826 billion) that is the seventh largest among the states.

METHODOLOGY

The principal methodology used in this rating was US States and Territories Methodology published in March 2022 and available at <https://ratings.moodys.com/rmc-documents/356901>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

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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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