MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Aa2 to Metro Gov't of Nashville & Davidson County, TN's GO Bonds; outlook is stable

12 Feb 2026

New York, February 12, 2026 -- Moody's Ratings (Moody's) has assigned a Aa2 rating to the Metropolitan Government of Nashville & Davidson County, TN's proposed $204.57 million General Obligation Improvement Bonds, Series 2026A, $159.03 million General Obligation Improvement Bonds, Series 2026B, $241.38 million General Obligation Improvement Bonds, Series 2026C and $416.67 million General Obligation Refunding Bonds, Series 2026D. We maintain the Aa2 issuer rating and a Aa2 general obligation unlimited tax (GOULT) rating on Metro's outstanding parity debt. Post sale, Metro will have approximately $3.8 billion in general obligation debt outstanding. The outlook is stable.

RATINGS RATIONALE

The Aa2 issuer rating reflects Metro's favorable economic profile and role as the state capital, as well as being the regional economic driver for northern Tennessee and the surrounding areas. Resident income levels for Nashville & Davidson County are average at 98.9% of the national average and full value per capita is a strong $311,066.

Metro's financial position will remain solid due to prudent fiscal and budgetary management. Their available fund balance and liquidity ratios were healthy at the end of fiscal 2025, at 31.6% of annual revenues and 37.4% of annual revenues, respectively. While reserves declined moderately in fiscal 2025 (due to various tax appeals and planned capital project spending), a property tax rate increase of approximate 27% was instituted for fiscal 2026 which should assist in replenishing the reserves used in the previous year.

The rating further takes into consideration an elevated debt profile for the rating category, with long-term liabilities at 231% of annual revenues at fiscal year-end 2025. Metro's liabilities are expected to remain elevated, but manageable, over the medium term given extensive future capital needs resulting from a rapidly expanding tax base.

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

RATING OUTLOOK

The stable outlook reflects the expectation that Metro's regional economic base will continue to grow and provide the necessary revenues to support ongoing capital needs and governmental operations.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Decrease in long-term liabilities to around 175% of annual revenues

- Improved resident income levels

- Maintenance of available fund balance and liquidity ratios above 30% of annual revenues

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Significant increase in long-term liabilities above 300% of annual revenues

- Deterioration of financial ratios to around 20% of annual revenues which reduces overall financial flexibility

PROFILE

The Metro Government of Nashville & Davidson County is located in north central Tennessee and encompasses both the capital city of Nashville and surrounding Davidson County.

METHODOLOGY

The principal methodology used in these ratings 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.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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