

MOODY'S

INVESTORS SERVICE

Rating Action: **Moody's assigns Aa2 to City of Oak Creek, WI's GO Bonds**

Global Credit Research - 12 Mar 2018

New York, March 12, 2018 -- Moody's Investors Service has assigned a Aa2 to Oak Creek, WI's \$8.9 million Taxable General Obligation Refunding Bonds Series 2018A. Concurrently, Moody's maintains the Aa2 on the City of Oak Creek, WI's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$101 million of outstanding GOULT debt.

RATINGS RATIONALE

The Aa2 rating primarily reflects the city's sizeable, and expanding tax base, located near the city of Milwaukee (Aa3 stable); stable financial operations characterized by healthy reserves, and a moderate pension burden. The rating also reflects the city's restrictive revenue raising environment due to state imposed levy limits, and high debt and fixed costs.

RATING OUTLOOK

Outlooks are typically not assigned to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO A UPGRADE

- Significant moderation in the city's debt burden and fixed costs

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Additional borrowings that increase the city's direct or overall debt burden
- Weakening of the city's reserves and/or liquidity
- Contraction of the city's tax base or a weakened demographic profile

LEGAL SECURITY

All of the city's general obligation (GO) debt, including the current bonds, are secured by its general obligation unlimited tax (GOULT) pledge which benefits from a dedicated property tax levy not limited by rate or amount.

USE OF PROCEEDS

Proceeds of the Taxable General Obligation Refunding Bonds, Series 2018A Bonds will refund the city's outstanding Taxable General Obligation Promissory Notes, Series 2015B.

PROFILE

The City of Oak Creek is adjacent to the City of Milwaukee in Milwaukee County (Aa2 stable). The city encompasses an area of 28 square miles with an estimated population of 34,791.

RATING METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moody's.com for a copy of this methodology.

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