

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to Oak Creek, WI's GO notes and MIG 1 to NANs

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New York, March 08, 2023 -- Moody's Investors Service has assigned a Aa2 rating to the City of Oak Creek, WI's General Obligation Promissory Notes, Series 2023C with an estimated par amount of \$3.6 million and a MIG 1 to the Note Anticipation Notes, Series 2023B with an estimated par amount of \$11.2 million. Moody's maintains a Aa2 issuer rating on the city and its general obligation unlimited tax (GOULT) debt and a MIG 1 on the city's outstanding NANs. Post-sale, the city will have about \$92 million in GOULT debt outstanding.

RATINGS RATIONALE

The Aa2 issuer rating reflects the city's healthy economic base that benefits from its proximity to the city of Milwaukee (A3 negative) with solid resident income and strong full value per capita, though regional GDP growth over the past five years has been slower than the nation. Additionally incorporated in the rating is the city's exceptional financial position across its governmental and business-type activities. Leverage is somewhat elevated and adjusted fixed costs are moderate.

The Aa2 rating on the GOULT bonds is at the same level as the issuer rating. The GOULT bonds are backed by the city's full faith and credit pledge, and are paid from a dedicated property tax that is not limited by rate or amount and is levied on all taxable property.

The MIG 1 rating on the NANs incorporates underlying credit characteristics reflected in the city's long-term general obligation rating.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Sustained growth of the MSA's GDP relative to the nation
- Moderation of the city's long term liabilities

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material narrowing of operating reserves
- Increased long-term liabilities
- Downgrade of long-term rating (short-term rating)

LEGAL SECURITY

The city's general obligation (GO) debt, including the Series 2023C notes, is backed by an unlimited property tax pledge on all taxable property within the city without limitation as to rate or amount.

The Series 2023B NANs are secured by the city's pledge to issue general obligation debt prior to maturity. The NANs mature on April 1, 2026.

USE OF PROCEEDS

Proceeds of the Series 2023B NANs will finance projects in the city's TID No. 13 while the Series 2023C notes will primarily finance stormwater improvements.

PROFILE

The City of Oak Creek is located along the western shore of Lake Michigan in Milwaukee County (Aa3 stable)

in southeastern Wisconsin (Aa1 stable), approximately 10 miles south of the City of Milwaukee. The city provides public safety (police and fire), water, sewer, recreation and other governmental services to approximately 36,000 residents.

METHODOLOGY

The principal methodology used in the long-term rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/api/rmc-documents/386953>. The principal methodology used in the short-term rating was Short-term Debt of US States, Municipalities and Nonprofits Methodology published in July 2020 and available at <https://ratings.moodys.com/api/rmc-documents/67339>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

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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Bridgett Stone

Lead Analyst
REGIONAL_MIDWEST
Moody's Investors Service, Inc.
100 N Riverside Plaza
Suite 2220
Chicago 60606
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

John Nichols
Additional Contact
REGIONAL_SOUTHWEST
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653



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