



Rating Action: Moody's assigns Aa2 to Oak Creek, WI's GO bonds

02 Aug 2023

New York, August 02, 2023 -- Moody's Investors Service has assigned a Aa2 rating to the City of Oak Creek, WI's General Obligation Refunding Bonds, Series 2023D with an estimated par amount of \$16.2 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 \$81 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.

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 RATING

- 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 RATING

- Material narrowing of operating reserves
- Increased long-term liabilities

LEGAL SECURITY

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

USE OF PROCEEDS

Proceeds of the Series 2023D bonds will permanently finance projects in the city's Note Anticipation Notes, Series 2021B originally issued to provide interim financing for public purposes, including financing tax incremental district projects.

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 this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/rmc-documents/386953>. 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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