

MOODY'S

RATINGS

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

15 Apr 2024

New York, April 15, 2024 -- Moody's Ratings has assigned a MIG 1 to the City of Oak Creek, WI's Note Anticipation Notes, Series 2024A, and a Aa2 to the city's Taxable Note Anticipation Notes, Series 2024B, likely to carry par values of \$2.5 million and \$6.6 million, respectively. Moody's Ratings maintains a Aa2 issuer rating, Aa2 ratings on the city's outstanding general obligation unlimited tax (GOULT) debt, and MIG 1 rating on the city's outstanding short-term debt. Post-sale, the city will have about \$112 million in total 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 stable) with solid resident income and full value per capita. The city's financial position is exceptional, with a net cash ratio likely to remain just under 100% given conservative budgeting practices and unaudited results showing a surplus for fiscal 2023. Leverage is somewhat elevated and adjusted fixed costs are moderate.

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

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 Ratings does not assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Reduction in long-term liabilities ratio to 200% or below
- Fixed-costs ratio closer to 10%

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in cash or fund balance ratios to 40% or 35%, respectively
- Increase in leverage to 500% or more of revenue

LEGAL SECURITY

The city's general obligation unlimited tax (GOULT) debt is supported by an unlimited property tax pledge on all taxable property within the city without limitation as to rate or amount. The NANs are backed by the city's pledge to issue general obligation debt prior to maturity.

USE OF PROCEEDS

Proceeds will finance economic development projects in the city's tax increment districts.

PROFILE

The City of Oak Creek is located along the western shore of Lake Michigan in Milwaukee County in southeastern Wisconsin, about 10 miles south of Milwaukee.

METHODOLOGY

The principal methodology used in the short-term rating was US Municipal Short-term Debt Methodology published in May 2023 and available at <https://ratings.moodys.com/rmc-documents/398329>. 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/rmc-documents/386953>. 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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