

# MOODY'S

## INVESTORS SERVICE

### Rating Action: Moody's assigns Aa2 to Oconomowoc, WI's \$3.1M GO Ref. Notes, Ser. 2015

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Global Credit Research - 30 Apr 2015

#### Affirms Aa2 rating on previously issued GO debt

New York, April 30, 2015 --

Moody's Rating

Issue: General Obligation Refunding Promissory Notes, Series 2015; Rating: Aa2; Sale Amount: \$3,130,000; Expected Sale Date: 05-20-2015; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a Aa2 rating to the City of Oconomowoc's (WI) \$3.1 million General Obligation Refunding Promissory Notes, Series 2015. Concurrently, Moody's affirms the Aa2 underlying rating on the city's outstanding GO debt. Post-sale, the city will have \$15.3 million of GO debt outstanding.

#### SUMMARY RATING RATIONALE

The Aa2 rating reflects the city's moderately-sized tax base 30 miles west of Milwaukee (Aa3 stable), with above average wealth indices. Also incorporated in the rating is the city's healthy financial position supported by strong reserves along with a manageable debt profile and modest exposure to post-retirement pension liabilities.

#### OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

#### WHAT COULD MAKE THE RATING GO UP

- Significant growth to the city's tax base
- Material strengthening of the city's demographic profile

#### WHAT COULD MAKE THE RATING GO DOWN

- Significant deterioration to the city's tax base
- Substantial decline in operating reserves
- Large increase to the city's debt burden

#### OBLIGOR PROFILE

The City of Oconomowoc is located in Waukesha County, approximately 30 miles west of Milwaukee and 50 miles east of Madison. The city government operates under a mayor/council form of government and provides municipal services including public safety, public works, health and human services, recreation and utility services to a population of approximately 16,000 residents.

#### LEGAL SECURITY

The Series 2015 Refunding Promissory Notes are secured by the city's general obligation unlimited tax (GOULT) pledge which benefits from a dedicated property tax levy which is not limited as to rate or amount. While debt service is ultimately secured by the city's GOULT pledge, debt service is expected to be paid by the city's self-supporting electric enterprise utility.

#### USE OF PROCEEDS

Proceeds from the notes will refund certain portions of the city's outstanding 2007 Electric Utility Bonds for debt service savings.

#### RATING METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on [www.moody.com](http://www.moody.com) for a copy of this methodology.

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