



## Rating Action: Moody's assigns Aa2 to the City of Sun Prairie, WI's GO Bonds

10 Jan 2019

New York, January 10, 2019 -- Moody's Investors Service has assigned a Aa2 to the City of Sun Prairie, WI's \$9.3 million Taxable General Obligation Corporate Purpose Bonds, Series 2019A and \$2.7 million General Obligation Refunding Bonds, Series 2019B. Moody's maintains the Aa2 on the city's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$75.5 million of outstanding GOULT debt.

### RATINGS RATIONALE

The Aa2 rating primarily reflects the city's large tax base, located within commuting distance of Madison (Aaa negative) sound financial operations with healthy reserve levels and modest unfunded pension liabilities. The rating also incorporates the city's elevated debt burden and limited revenue raising ability.

### 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 tax base growth
- Moderation of debt and fixed cost levels

### FACTORS THAT COULD LEAD TO A DOWNGRADE

- Growth in debt burden or fixed costs
- Tax base valuation declines or weakening of resident wealth and income
- Declines in operating reserves or liquidity

### LEGAL SECURITY

All of the city's general obligation (GO) debt, including the 2019A bonds and 2019B bonds, is 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

A portion of the proceeds of the Series 2019A bonds (\$4.6 million) will be used to refund portions of two outstanding state trust fund loans, August 2017 (\$3.5 million) and March 2018 (\$1.1 million), and the remaining proceeds (\$4.7 million) will be used to finance development incentives for TID #9 and TID #11. Proceeds of the Series 2019B bonds will be used to refund a portion of the city's outstanding March 2018 State Trust Fund Loan.

### PROFILE

The city of Sun Prairie is located approximately 10 miles northeast of Madison and covers 12 square miles. The city has an estimated population of 31,721.

### METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

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