

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa2 to Sun Prairie, WI's Series 2019C GO Bonds & 2019D GO notes

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New York, June 12, 2019 -- Moody's Investors Service has assigned a Aa2 to the City of Sun Prairie, WI's \$11.1 million General Obligation Corporate Purpose Bonds, Series 2019C and \$9.7 million General Obligation Promissory Notes, Series 2019D. Moody's maintains a Aa2 on the city's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have approximately \$86 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 reserves and modest pension burden. 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 AN UPGRADE

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

FACTORS THAT COULD LEAD TO A DOWNGRADE

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

LEGAL SECURITY

All of the city's general obligation unlimited tax (GOULT) debt, including the 2019C bonds and 2019D notes, 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

Proceeds from the 2019C bonds will finance wastewater, storm water and public safety building improvements. Proceeds from the 2019D notes will finance street, facility and park improvements and will be used to purchase fleet and capital equipment.

PROFILE

The city of Sun Prairie is located approximately 10 miles northeast of Madison and covers 12 square miles. The city serves more than 32,000 residents.

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.moody's.com for a copy of this methodology.

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