



CITY OF MUSCATINE PRESS RELEASE

FOR IMMEDIATE RELEASE

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CITY OF MUSCATINE ASSIGNED Aa2 RATING BY MOODY'S

Rating reflects positive opinion of City financial operations

MUSCATINE, Iowa – The City of Muscatine was assigned an Aa2 rating from Moody's Investors Service Thursday based on the city's stable, moderately-sized tax base, a trend of positive financial operations, and improving reserve levels. Moody also maintained the Aa2 rating on the city's outstanding general obligation unlimited tax (GOULT) debt that totals \$16.8 million.

The rating is for the \$4.1 million General Obligation Corporate Purpose Bonds, Series 2018, which will be used to fund a variety of community projects over the next several years. The Muscatine City Council approved the issuance of the bonds last month.

Muscatine has had an Aa2 rating since 2010. Ratings of Aa1, Aa2, and Aa3 mean that the bonds are of high quality by all standards, but carry a slightly greater degree of long-term investment risk. The Aa2 rating is also just two steps away from the top rating of Aaa.

"This is very good news for a community of our size," Nancy Lueck, Finance Director for the City of Muscatine said. "We are one of the smallest in population in our group."

Significant expansion and diversification of the tax base is one of the areas that Moody's cited as a factor that could lead to an upgrade. The expansion of existing industry and the addition of



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new businesses to the community are helping to achieve that goal, which will also help a second factor, an improved socioeconomic characteristic to the community. Moody's noted that the median income and median housing price are lower than the average in the bond rating group Muscatine is in.

"These are things that are among the goals we have for Muscatine," Gregg Mandsager, City Administrator, said. "Every project we have underway and those in the future are geared toward bringing new businesses to the community and improving the housing market locally. Improvements such as these will not only help us with our bond rating but will also help us by keeping our economy strong."

A strong economy will also help the third factor indicated to Muscatine officials by Moody's ... continued growth in reserves while bolstering financial flexibility and liquidity.

The sale of the bonds will be used to finance several community projects that will continue to add to the benefits of living in Muscatine. Part of the funds will be used as the city's local match for the Pearls of Progress projects (Musser Library & HNI Community Center, West Side Trail, Muscatine Dog Park, and the Deep Lake Parks cabins) while the city will also have a new aerial firetruck, and improvements at Weed Park, Kent Stein Park, and the soccer complex.

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