



CITY OF MUSCATINE
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CITY OF MUSCATINE PRESS RELEASE

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CITY OF MUSCATINE ASSIGNED Aa2 RATING BY MOODY'S

Rating reflects positive opinion of City financial operations over last 10 years

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. The rating is for the \$6.3 million General Obligation Corporate Purpose Bonds, Series 2020, that the City will be receiving bids on April 2, 2020.

The Series 2020 bond issue will be used to fund a variety of City projects that have recently been completed, are currently underway, or will be underway in calendar years 2020 and 2021. The projects and the proposed bond issue were reviewed with City Council as part of the recent budget sessions.

The Muscatine City Council approved the issuance of the bonds last month.

Moody's Investors Service also maintained the Aa2 rating on the city's outstanding general obligation unlimited tax (GOULT) debt that will total \$18 million.

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.”

Moody’s Investors Service also addressed the coronavirus outbreak and its implications on Muscatine.

“We regard the coronavirus outbreak as a social risk under our ESG (environmental, social, and governance) framework, given the substantial implications for public health and safety,” Moody’s Investors Service stated in their press release on Muscatine’s bond rating. “Muscatine is not susceptible to immediate material credit risks related to coronavirus.”

The longer term impact will depend on both the severity and duration of the crisis according to Moody’s with the situation surrounding coronavirus rapidly evolving.

Governance factors are a key material consideration for the city according to Moody’s Investors Services.

“The city’s management team has kept balanced operations since fiscal 2009,” the press release stated. “The city has a formal fund balance policy to maintain an unreserved fund balance of at least 16.7 percent of expenditures.”

Significant economic activity that drives both expansion and diversification of the city’s tax base and improvement in resident incomes are two of the areas that Moody’s cited as factors that could lead to an upgrade in the bond rating along with reduction in pension burden.

The expansion of existing industry and the addition of 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 is lower than the state and national average but housing costs are also comparatively low.



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Moody's Investors Service was also encouraged by the city's response to the coronavirus outbreak while working with local, state, and federal partners to keep the community informed about the coronavirus.

The sale of the bonds will be used to finance several projects that will continue to add to the benefits of living in Muscatine. Part of the funds will be used for completed projects while other parts will be used for projects underway, or projects that will be underway in the next two calendar years.

[Moody's Investments Services News Release](#)