

Rating Action: Moody's assigns Aa3 to Pleasant Hill, IA GO bonds

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New York, September 17, 2019 -- Moody's Investors Service has assigned a Aa3 to the City of Pleasant Hill, IA's \$15.7 million General Obligation Urban Renewal Public Safety Facility and Library Improvement Bonds, Series 2019. Concurrently, Moody's has affirmed the Aa3 rating on the city's previously issued general obligation unlimited tax (GOULT) debt. Following the sale, the city will have \$22 million of rated GOULT debt outstanding.

RATINGS RATIONALE

The Aa3 rating reflects the city's economic ties the Des Moines metro area that is driving both tax base and revenue growth, and strong operating reserves and liquidity relative to budget. The rating also reflects taxpayer concentration and moderate debt and pension burdens.

RATING OUTLOOK

Moody's does not typically assign outlooks to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Continued economic expansion that drives tax base growth and moderates taxpayer concentration

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Substantial reduction in operating reserves and/or liquidity
- Significant growth in debt or pension burdens

LEGAL SECURITY

The Series 2019 bonds are secured by the city's GOULT pledge and authorization to levy a dedicated property tax, unlimited as to rate or amount, to pay debt service. While the Series 2019 bonds are secured by the city's GOULT pledge, it intends to use a portion of the proceeds from the recently approved one percent local option sales tax to pay debt service.

USE OF PROCEEDS

The Series 2019 bonds will finance the construction of a public safety building and improvements to a municipal building.

PROFILE

Pleasant Hill is located in central Iowa (Aaa stable) adjacent to the City of Des Moines (Aa2 stable). The city provides general governmental services including: public safety (police and fire), recreation, sewer (collection only), water (distribution only), storm water, and solid waste service. The city's population is currently estimated at 9,600 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.moodys.com for a copy of this methodology.

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