



## Rating Action: Moody's assigns Aa2 to Waterloo, IA's GO bonds

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New York, April 12, 2023 -- Moody's Investors Service has assigned a Aa2 rating to the City of Waterloo, IA's \$6 million General Obligation Bonds, Series 2023A. Moody's maintains the city's Aa2 issuer rating and the Aa2 rating on its outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the city will have approximately \$123 million in GOULT debt.

### RATINGS RATIONALE

The Aa2 issuer rating reflects the city's solid financial position, moderate leverage, and modest fixed costs. These strengths are balanced against below-average resident income and economic growth that trails the nation.

The GOULT rating is the same as the issuer rating, based on the city's full faith and credit pledge with authority to raise ad valorem property taxes unlimited as to rate or amount.

### RATING OUTLOOK

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

### FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Substantial strengthening of economic metrics
- Further bolstering of operating reserves

### FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Narrowing of financial position
- Materially increased leverage or fixed cost burden

### LEGAL SECURITY

Outstanding GOULT debt, including the current issuance, is payable from a dedicated property tax levy that is unlimited as to rate or amount.

### USE OF PROCEEDS

Proceeds will finance capital improvements and urban renewal projects.

### PROFILE

The City of Waterloo encompasses 64 square miles in northeastern Iowa (Aaa stable),

approximately 50 miles northwest of Cedar Rapids (Aa1 stable). It serves as the county seat of Black Hawk County (Aa2) and has a population of just under 68,000.

## METHODOLOGY

The principal methodology used in this rating was US Cities and Counties Methodology published in November 2022 and available at <https://ratings.moodys.com/api/rmc-documents/386953>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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