

Rating Action: Moody's assigns A1 to Prairie du Chien, WI's GO Notes, Series 2020A

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New York, November 23, 2020 -- Moody's Investors Service has assigned an A1 rating to the City of Prairie du Chien, WI's \$1.9 million General Obligation Promissory Notes, Series 2020A. Moody's maintains the A1 rating on the city's outstanding general obligation unlimited tax (GOULT) debt and the A1 on its note anticipation notes. Following the sale, the city will have roughly \$12 million in rated debt outstanding.

RATINGS RATIONALE

The A1 rating reflects the city's healthy reserves and liquidity and modest pension burden. The rating further incorporates the city's small tax base, resident incomes that are below the nation, and an above average debt burden. The coronavirus crisis is not a key driver for this rating action and we do not see any material immediate credit risks for the city given healthy liquidity levels and relatively stable revenue mix.

RATING OUTLOOK

Outlooks are typically not assigned to local governments with this amount of debt.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Expansion of the tax base and improvement in wealth and income profile
- Significant growth in fund balance and liquidity
- Material moderation of the debt burden

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Tax base contraction and deterioration in resident incomes
- Weakening of fund balance and/or liquidity
- Material increase in the already elevated debt burden

LEGAL SECURITY

The city's general obligation unlimited tax (GOULT) bonds and notes, including the Series 2020A Promissory Notes, are secured by the city's full faith and credit pledge with authority to raise property taxes unlimited as to rate or amount.

USE OF PROCEEDS

Proceeds of the Series 2020A notes will finance street and other infrastructure projects, flood mitigation, and city equipment and a dump station.

PROFILE

The City of Prairie du Chien is located in southwestern Wisconsin (Aa1 stable), along the Mississippi River which forms the border between Wisconsin and Iowa (Aaa stable). The city serves as the county seat for Crawford County (A1) and has an estimated population of 5,700. The city provides police, fire, water, sewer and other general municipal services.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in July 2020 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.moody.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 at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

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