



Rating Action: Moody's assigns Aa1 to Oakdale, MN's GO bonds

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New York, October 06, 2023 -- Moody's Investors Service has assigned a Aa1 rating to the City of Oakdale, MN's General Obligation Improvement Bonds, Series 2023A, expected to have a par value of about \$3.7 million. Moody's maintains the city's Aa1 issuer rating and the Aa1 rating on outstanding general obligation unlimited tax (GOULT) bonds. Following the sale, the city will have roughly \$24 million in total debt outstanding.

RATINGS RATIONALE

The Aa1 issuer rating reflects the city's very strong financial position, moderate long-term liabilities and a modest fixed-costs ratio. These strengths are balanced against resident income that is slightly below Aa-rated medians and an economic growth metric which trails the nation.

The Aa1 GOULT rating is the same as the issuer rating, reflecting the city's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and 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

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Materially increased leverage or fixed costs
- Significant, sustained narrowing of financial position

LEGAL SECURITY

The GOULT bonds are backed by the city's full faith and credit pledge and the authority to levy a dedicated property tax unlimited as to rate and amount. The GOULT bonds are additionally secured by statute. The city plans to use special assessments levied against benefited properties to repay a portion of the Series 2023A bonds.

USE OF PROCEEDS

Proceeds will finance street improvement projects.

PROFILE

Oakdale encompasses 10 square miles in Washington County (Aaa stable) on the eastern side of the Minneapolis (Aa1 stable)-St. Paul (Aa1 stable) metropolitan area. It provides a range of services, including public safety, public works, community services, and municipal utilities, to roughly 28,000 residents.

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/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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