

Rating Action: Moody's assigns Aa2 to Hudson WI's \$3.5M GO Bonds Series 2013A and \$2.9M GO Notes Series 2013B

Global Credit Research - 13 Sep 2013

Aa2 applies to \$14 million of GO debt

New York, September 13, 2013 --

Moody's Rating

Issue: General Obligation Corporate Purpose Bonds, Series 2013A; Rating: Aa2; Sale Amount: \$3,490,000; Expected Sale Date: 9/16/2013; Rating Description: General Obligation

Issue: General Obligation Promissory Notes, Series 2013B; Rating: Aa2; Sale Amount: \$2,925,000; Expected Sale Date: 9/16/2013; Rating Description: General Obligation

Opinion

Moody's Investors Service has assigned a Aa2 rating to the City of Hudson's, WI \$3.5 General Obligation Corporate Purpose Bonds, Series 2013A and \$2.9 million General Obligation Promissory Notes, Series 2013B. Concurrently, Moody's has affirmed the Aa2 rating on the city's outstanding general obligation debt. Post-sale, the city will have \$14 million of outstanding general obligation debt. The bonds and notes are secured by the city's general obligation unlimited tax pledge. Proceeds of the Series 2013A Bonds will finance various capital improvements, including street improvement projects. Proceeds of the Series 2013B notes will refund the Series 2007A General Obligation Promissory Notes for estimated net present value of approximately \$18,300. Additionally, the Series 2013B notes will also finance upgrades and improvements to the city's library and police building.

SUMMARY RATING RATIONALE

The Aa2 reflects the city's moderately sized and somewhat affluent tax base favorably located near the Twin Cities metro area (Minneapolis GO rated Aa1/stable outlook, St. Paul rated Aa1/stable outlook), stable financial operations supported by healthy reserves, and a modest debt burden with an average principal amortization.

STRENGTHS:

- Availability of land for future development in the long-term
- Stable financial operations supported by healthy reserves

CHALLENGES:

- Declines in tax base valuations
- Limited revenue raising flexibility due to levy limits

WHAT COULD MOVE THE RATING UP:

- Substantial economic expansion and tax base growth

WHAT COULD MOVE THE RATING DOWN:

- Continued deterioration of the city's tax base or weakening of its demographic profile
- Declines in the city's General Fund balance and liquidity

PRINCIPAL METHODOLOGY USED

The principal methodology used in this rating was General Obligation Bonds Issued by US Local Governments published in April 2013. Please see the Credit Policy page on www.moody's.com for a copy of this methodology.

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