



## Rating Action: **Moody's assigns Aa2 to Sioux City, IA's GO Bonds**

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27 Apr 2023

New York, April 27, 2023 -- Moody's Investors Service has assigned a Aa2 rating to the City of Sioux City, IA's General Obligation Bonds, Series 2023A and Taxable General Obligation Bonds, Series 2023B, expected to carry a par value of approximately \$17.2 million and \$2.5 million, respectively. Moody's affirms the Aa2 issuer rating and Aa2 rating on the city's previously rated general obligation unlimited tax (GOULT) debt. Post-sale, the city will have about \$144 million in outstanding GOULT debt.

### RATINGS RATIONALE

The Aa2 issuer rating reflects city's role as a regional economic hub in northwest Iowa (Aaa stable), healthy fund balance and liquidity and significant revenue raising flexibility. The city is seeing solid growth in the economic base, though resident income and wealth metrics are low compared to similarly-rated peers. The city's leverage and fixed costs are elevated, and will grow in the near-term considering substantial additional debt plans to address compliance issues at the wastewater treatment plant.

The Aa2 rating on the GOULT bonds is at the same level as the city's issuer rating because the city has pledged its full faith, credit and taxing power for repayment of the bonds. The bonds have a dedicated ad valorem tax, levied against all taxable property in the city without limitation as to rate or amount.

### RATING OUTLOOK

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

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

- Significant reduction in overall leverage
- Material increases to reserves or liquidity
- Growth in resident incomes

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

- Material declines in reserves or liquidity
- Increases in leverage and fixed costs

### LEGAL SECURITY

Debt service on the city's general obligation unlimited tax (GOULT) bonds is backed by the city's GOULT pledge, which benefits from a dedicated property tax levy unlimited by rate or amount.

## USE OF PROCEEDS

Proceeds of the 2023A and 2023B bonds will finance the city's 2023-2024 capital improvement plan, including water system improvements and park improvements.

## PROFILE

The City of Sioux City is located in northwestern Iowa (Aaa stable), approximately 150 miles northwest of Des Moines (Aa2 stable) and 90 miles north of Omaha (Aa2 stable). The city serves as the county seat of Woodbury County, IA (Aa3) and provides public safety (police and fire), public works, recreation and other governmental services.

## METHODOLOGY

The principal methodology used in these ratings 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

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