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NEWS RELEASE

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Moody's Maintains Dubuque Bond Rating

DUBUQUE, Iowa – Moody's Investors Service has maintained the City of Dubuque's existing bond rating on existing debt and assigned Aa3 ratings to the City's upcoming bond series sales.

Specifically, today's announcement assigned Aa3 ratings to the City's \$2.8 million General Obligation Bonds, Series 2016A; \$11.5 million General Obligation Refunding Bonds, Series 2016B; and \$4.2 million General Obligation Bonds, Series 2016C. Proceeds of the Series 2016A bonds will pay costs associated with a legal settlement regarding electric and gas franchise fees that were assessed prior to 2009. Proceeds of the Series 2016B bonds will refund certain maturities of the City's Series 2003, 2005A, 2005B, 2006A, 2008A, and 2008B bonds for estimated interest savings of \$1.4 million. Proceeds of the Series 2016C bonds will fund various city improvements, including airport parking and roads, sanitary sewer and water improvements, and historic city building improvements.

Concurrently, Moody's maintained Dubuque's Aa3 ratings on \$112 million of outstanding general obligation (GO) debt and \$7.2 million of sales tax increment (unlimited property tax supported) debt and the A3 rating on \$20.8 million of Sales Tax Increment Revenue Bonds.

Moody's said the Aa3 rating reflects: the city's sizable tax base and role as a regional economic center (Aaa stable); recent declines in fund balance and cash reserves which are expected to stabilize at lower levels going forward; as well as the city's very high debt burden relative to other Aa rated entities; and moderate exposure to unfunded pension liabilities.

Moody's Investors Service is an international provider of credit ratings, research, and risk analysis. Moody's uses gradations of creditworthiness indicated by rating symbols, with each symbol

representing a group in which the credit characteristics are broadly the same. There are nine symbols used to designate least credit risk to that denoting greatest credit risk: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, and C. Moody's also appends numerical modifiers (1, 2, and 3) to each generic rating classification.

According to Moody's, factors that could lead to a future upgrade of Dubuque's rating include: expansion of the City's tax base and strengthening of its demographic profile, material growth in the City's General Fund reserves and liquidity, and moderation of the City's debt burden.

Debt reduction was adopted as a City Council high priority in August 2015. The City's recommended budget for fiscal year 2017, currently under consideration by the Dubuque City Council, includes plans to reduce the City's debt by more than \$53 million (34%) over the next five years. Additionally, the recommended budget includes plans to increase the City's general fund reserve by \$2.6 million (32%) over the next five years.

Factors that could lead to a downgrade are: weakening of the City's tax base and demographic profile, failure to improve General Fund liquidity as expected in fiscal year 2016, declines in General Fund balance, continued growth in the City's debt burden and fixed costs, and declines in the City's enterprise funds resulting in pressure on general operations.

Moody's announcement is available at https://www.moodys.com/research/Moodys-assigns-Aa3-to-Dubuque-IAs-Ser-2016A-C-GO--PR_903132140

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See attached information.

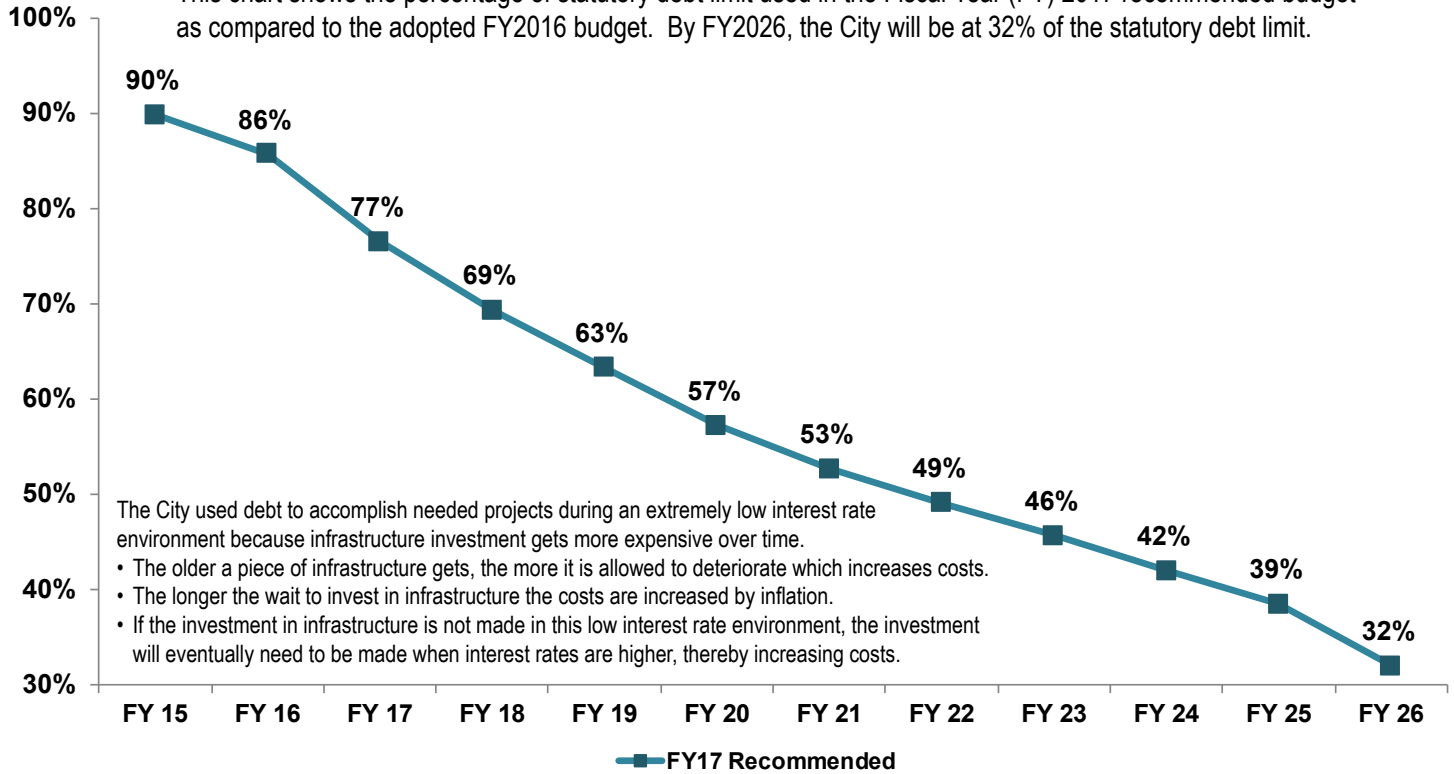
CITY DEBT

The City of Dubuque uses debt strategically for major projects with long-term community benefits. The City does not use debt for operating expenses and, in fact, is required by state code to have a balanced operating budget every year.

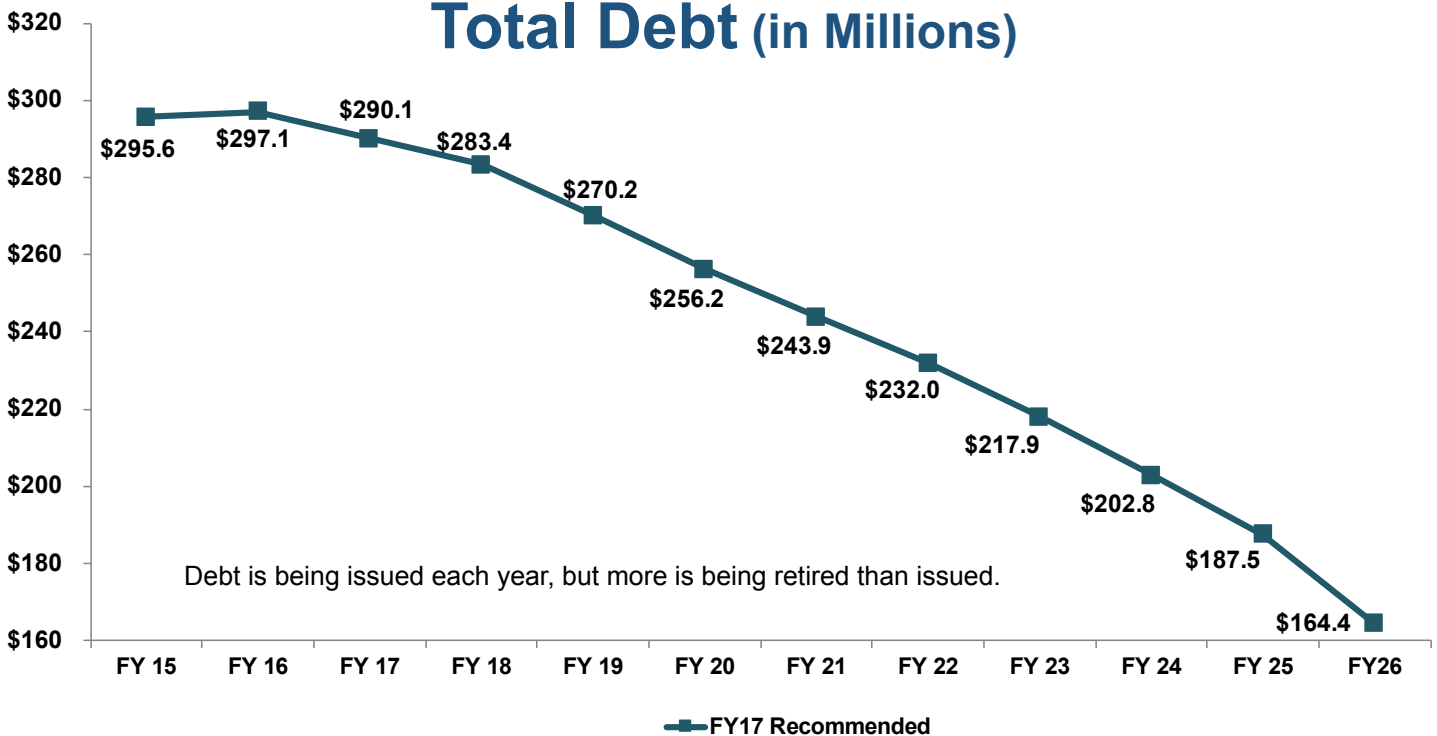
At their annual goal-setting sessions in August 2015, the City Council established “debt-reduction policy” as a high priority.

Statutory Debt Limit Used

This chart shows the percentage of statutory debt limit used in the Fiscal Year (FY) 2017 recommended budget as compared to the adopted FY2016 budget. By FY2026, the City will be at 32% of the statutory debt limit.



Total Debt (in Millions)



Top 10 Capital Projects (1997-2020)*

#	Project Description	FY2016 Adopted Cost
1	Street Projects	\$120,006,524
2	Bee Branch Creek Watershed Project	\$ 98,376,440
3	Sanitary Sewer	\$81,388,070
4	Parking Ramps	\$76,171,243
5	Water and Resource Recovery Center	\$74,285,000
6	America's River Project	\$70,674,035
7	Southwest Arterial	\$40,476,841
8	Airport Terminal Project	\$37,518,004
9	Industrial Parks	\$35,683,418
10	Stormwater	\$33,059,715
Total		\$667,639,290

* Total expenses on projects whether debt was used or not.



WATER & RESOURCE RECOVERY CENTER



BEE BRANCH FLOOD MITIGATION



WATER MAIN REPLACEMENT



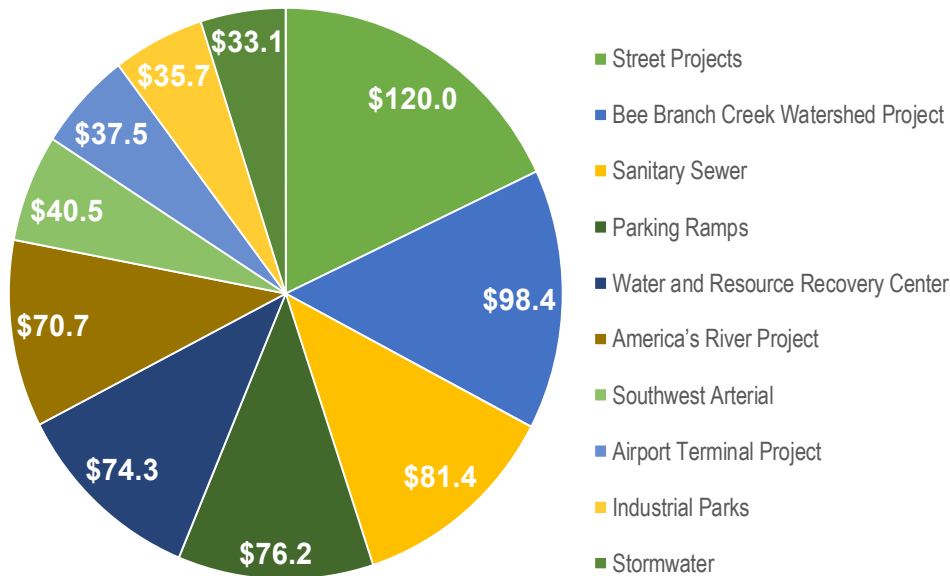
DUBUQUE INDUSTRIAL CENTER WEST



STREET RECONSTRUCTION



CENTRAL AVENUE PARKING RAMP



General Fund Reserve Projections

The City maintains a general fund reserve, or working balance, to allow for unforeseen expenses that may occur.

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Contribution	\$608,480	\$596,288	\$500,000	\$500,000	\$500,000	\$500,000
City's Spendable General Fund Cash Reserve Fund Balance	\$8,328,643	\$8,924,931	\$9,424,931	\$9,924,931	\$10,424,931	\$10,924,931

Property Tax Rate Comparison

Dubuque has the **SECOND LOWEST** FY2016 property tax rate (\$11.03 per thousand assessed value) of Iowa's 11 cities with populations over 50,000.

- Highest-ranked city (Waterloo, \$17.76) is **61% higher than Dubuque**
- Average (\$15.38) is **40% higher than Dubuque**