

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aaa to Lake Oswego, OR's 2019 GOULT and FF&C obligations; outlook stable

10 Oct 2019

New York, October 10, 2019 -- Moody's Investors Service has assigned Aaa ratings to the City of Lake Oswego, Oregon's Full Faith and Credit Obligations, Series 2019 and General Obligation Bonds, Series 2019 in the expected amounts of \$9.6 million and \$18.9 million, respectively. Moody's maintains Aaa ratings on the city's outstanding GOULT of \$7.6 million and Aaa ratings on outstanding full faith and credit bonds of \$142.9 million. The city's outlook is stable.

RATINGS RATIONALE

The Aaa GOULT rating primarily reflects the city's growing Portland metro area tax base featuring a strong local economy and well above-average socioeconomic indicators. The rating also reflects the city's robust financial position supported by a strong management team. The city's debt burden is manageable despite growing pension liabilities.

The absence of a rating distinction between the city's full faith and credit obligations and GOULT rating reflects the strength and breadth of the full faith and credit pledge in Oregon, which Moody's rates at the same level as a GOULT pledge or equivalent issuer rating.

RATING OUTLOOK

The stable outlook reflects our expectations that the city's tax base, economy and financial position will remain strong.

FACTORS THAT COULD LEAD TO AN UPGRADE

- N/A

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration of the city's financial position
- Significant contraction the city's tax base
- Substantial deterioration of the city's socioeconomic measures

LEGAL SECURITY

The GOULT bonds are secured by the city's full faith, credit, and unlimited property tax pledge. Debt service for GOULT bonds in Oregon is funded by a separate property tax levy that is dedicated to bondholders and secured through statute, a beneficial credit strength for bond holders.

The city's full faith and credit debt is secured by its broad pledge of all legally available operating resources, and debt service is not subject to appropriation. The new issuance is expected to be paid from state shared transportation revenue.

USE OF PROCEEDS

Proceeds from the GOULT bonds will be used to finance acquisition of property, renovation, replacement and development of parks and recreation facilities in the city. Proceeds from the full faith and credit issuance will be used to invest in capital improvements related to city streets.

PROFILE

Lake Oswego is located eight miles southwest of Portland (Aaa stable) with a population of 38,212 and covers ten square miles.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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