

Research:

S&PCORRECT: West Des Moines, Iowa GO Debt Rating Raised To 'AAA'

Publication date: 28-Feb-2005
Primary Credit Analyst(s): Scott D Garrigan, Chicago (1) 312-233-7014;
scott_garrigan@standardandpoors.com
Secondary Credit Analyst(s): James Wiemken, Chicago (1) 312-233-7005;
james_wiemken@standardandpoors.com

[Editor's note: A version of this media release published earlier today stated an incorrect dollar amount for the new issue. The correct amount is \$3.055 million. The corrected version follows.]

CHICAGO (Standard & Poor's) Feb. 28, 2005—Standard & Poor's Ratings Services has raised its rating on West Des Moines, Iowa's outstanding GO debt to 'AAA' from 'AA+', based on continued strong management of the city's high growth rate, along with strong management of the city's financial position. The outlook is stable.

At the same time, the rating agency assigned its 'AAA' rating to the city's \$3.055 million general obligation bonds series 2005A.

The rating also reflects participation and access to the larger Des Moines area economy, strong population and tax base growth, economic indicators that compare favorably with state and national averages, and a strong financial position with conservative management.

"The stable outlook reflects the expectation that the city will maintain its current financial position, while balancing future development needs with continued demand for growth," said Standard & Poor's credit analyst Scott Garrigan.

Because of the city's pace of growth, a high debt burden is present. Although this factor does offset the credit strengths, much of the city's debt service is self-supporting through the use of tax increment revenues.

Growth has been managed very effectively, though. In West Des Moines, management has been able to use both city funds and developer-contributed capital for infrastructure projects. When parcels of land are placed within a tax increment district, assessed valuation "rolls off" into the city's full assessed valuation over a typical time period of five to seven years.

The proceeds of the series 2005A bonds will be used to refund the city's outstanding series 1996 bonds. Payment of debt service is backed by the city's general obligation pledge.

West Des Moines is located adjacent to Des Moines, Iowa (GO bonds rated 'AA+/Stable'). The city has a substantial employment base itself, and residents have easy access to all areas of the greater Des Moines area.

The city's total general obligation debt outstanding is \$148.96 million.

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.