



Moody's Investors Service

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July 22, 2009

Mr. Timothy Schuenke
City Administrator
City of Delafield
500 Genesee Street
Delafield, WI 53018

Dear Mr. Schuenke:

We wish to inform you that on June 29, 2009, Moody's Investors Service reviewed and assigned a rating of **Aa3** to Delafield (City of) WI's General Obligation Corporate Purpose Bonds, Series 2009A and a **Aa3** to its General Obligation Promissory Notes.

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure, of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, Iliana Beltran at 312-706-9990.

Sincerely,

A handwritten signature in black ink, appearing to read 'Edward Damutz'.

Edward Damutz

cc:
Mr. Philip Cosson
Ehlers & Associates, Inc.



Moody's Investors Service

New Issue: MOODY'S ASSIGNS Aa3 RATING TO THE CITY OF DELAFIELD'S (WI) \$4.77 MILLION GO CORPORATE PURPOSE BONDS, SERIES 2009A AND \$3.66 MILLION GO PROMISSORY NOTES

Global Credit Research - 29 Jun 2009

Aa3 AFFIRMATION AFFECTS \$30 MILLION OF OUTSTANDING DEBT, INCLUDING THE CURRENT ISSUE

Municipality
WI

Moody's Rating

ISSUE	RATING
General Obligation Corporate Purpose Bonds, Series 2009A	Aa3
Sale Amount	\$4,770,000
Expected Sale Date	07/06/09
Rating Description	General Obligation

General Obligation Promissory Notes	Aa3
Sale Amount	\$3,660,000
Expected Sale Date	07/06/09
Rating Description	General Obligation

Opinion

NEW YORK, Jun 29, 2009 -- Moody's Investors Service has assigned a Aa3 rating to the City of Delafield's (WI) \$4.77 million General Obligation Corporate Purpose Bonds, Series 2009A and \$3.66 million General Obligation Promissory Notes. Concurrently, Moody's has affirmed the Aa3 rating on \$30 million of outstanding general obligation debt, including current offering. The Series 2009A bonds and notes are secured by the city's general obligation unlimited tax pledge. Voters authorized a total of \$12 million in spring 2008 for various capital building projects including a city hall and library; the Series 2009A bonds will finance this project and is expected to complete the referendum borrowing. The notes will finance other capital projects as part of the city's annual capital improvements and refund the city's Series 2001B and Series 2002B notes. The refunding portion will provide economic savings and does not restructure or extend the final maturity of the debt being refinanced. Assignment of the Aa3 rating reflects affluent and growing tax base favorably located in Waukesha County (GO rated Aaa) between Milwaukee (GO rated Aa2/negative outlook) and Madison (GO rated Aaa), the city's continued healthy financial performance, and a manageable debt profile with limited future borrowing.

GROWING TAXBASE BENEFITS FROM WAUKESHA COUNTY LOCATION

Despite national economic trends, Moody's expects continued growth due to the city's proximity to employment centers and land available for development. Located 25 miles west of Milwaukee along I-94, the city of Delafield is located in western Waukesha County, one of the strongest economic regions in the state. The city encompasses eleven square miles. While some residents commute to either Milwaukee or Madison, many are employed within the county, which traditionally has had a low unemployment rate. The city's sizeable \$1.4 billion tax base has grown at a strong 9% five year average annual rate; driven by residential, commercial and retail development. City officials report that while housing growth has slowed, valuations have remained stable. Approximately 72% of the city's valuation is residential; in addition, the city does contain a notable commercial and retail presence (26% of total) benefiting from the accessibility to major transportation infrastructure at the intersection of I-94 & highways 16 and 83. The city possesses a 40 acre parcel of land that has potential to be developed into an office complex. Delafield's wealth levels exceed state and national medians and Waukesha County's April 2009 unemployment rate of 7.7% remains below state and national levels of 8.8% and 8.6%, respectively.

SOLID FINANCIAL POSITION EXPECTED TO CONTINUE

Moody's believes the city's satisfactory financial operations will continue due prudent management and the restoration of reserves following a narrowing of liquidity in the late 1990's. After eroding its General Fund reserves to very narrow levels, reaching 1.8% of revenues at the end of 2000, city management reexamined budgeting practices and priorities,

looking for efficiencies on both the revenue (fees charged, tax rate etc.) and expenditure side. Such actions led to seven consecutive years of General Fund surpluses in fiscal years 2001-2008 (inclusive), which grew the fund balance from \$52,000 to \$1.6 million, or a healthy 27.1% of revenues, the majority of which is undesignated. In fiscal 2008, preliminary estimates indicate a modest \$11,000 surplus which includes an unanticipated one-time transfer in of approximately \$221,000 from the closing of the city's tax increment district. Officials report that negative budget variances in permit receipts and interest earnings have somewhat tightened city operations. In response, city officials have increased taxes which has alleviated pressure and expect balanced operations in fiscal 2009. The city does not expect levy limits to affect the city's finances as the city has historically kept levy growth within the 2% cap. As expected, Delafield's finances continue to show stability and tight budget oversight, which Moody's expects will continue at a level consistent with its Aa3 rating.

FAVORABLE DEBT PROFILE; LIMITED BORROWING PLANNED

Moody's expects the city's direct debt level of 1.2% (1.8% overall) will remain manageable due to strong tax base growth and limited future borrowing plans. The current borrowing is expected to complete the \$12 million voter authorized bonds for capital building projects. Beyond the major building projects, the city will likely continue to issue traditional CIP related debt issuance every other year, estimated at \$1 million. Debt payout is below average with 55.2% paid out in ten years, but notably this reflects recent borrowing for major projects.

KEY STATISTICS

2000 Census population: 6,472

2007 Estimate population: 6,859

2008 Full valuation: \$1.4 billion

2008 Full value per capita: \$208,676

Direct Debt: 1.2%

Overlapping Debt: 1.8%

Payout (10 Years): 55.2%

Fiscal 2007 General Fund Balance: \$1.6 million (27.1% of revenues)

Waukesha County Unemployment Rate (April 2009): 7.7%

2000 Per Capita Income as a % of State: 148.6% (146.4% of US)

2000 Median Family Income as a % of State: 136.0% (143.8% of US)

Post-sale GOULT debt outstanding: \$30 million

The principal methodology used in rating the current issue was "Local Government General Obligation and Related Ratings," which can be found at www.moody.com in the Credit Policy & Methodologies directory, in the Index of Special Reports - U.S. Public Finance. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

The last rating action was on August 15, 2008 when the Aa3 rating for Delafield was affirmed.

Analysts

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