

Rating Action: Moody's assigns Aa2 to Mineola, NY's Series 2020 GOLT bonds

27 Aug 2020

New York, August 27, 2020 -- Moody's Investors Service has assigned a Aa2 to the Village of Mineola, NY's \$8 million Public Improvement Serial Bonds - 2020. Moody's maintains a Aa2 on the village's outstanding issuer and general obligation limited tax ratings.

The issuer rating is equivalent to the village's hypothetical general obligation unlimited tax rating (GOULT); there is no debt associated with the GOULT security.

RATINGS RATIONALE

The Aa2 reflects the village's strong and growing tax base in commuting distance to New York City, very strong financial position, low debt burden, and currently manageable pension and OPEB liabilities.

We consider the outstanding debt to be GOLT because of limitations under New York State law on property tax levy increases. The lack of distinction between the GOLT rating and the Issuer rating reflects the village board's ability to override the property tax cap and the city's faith and credit pledge in support of debt service.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for Mineola. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of the village changes, we will update the rating and/or outlook at that time.

RATING OUTLOOK

Moody's typically does not assign outlooks to local government issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material growth in the tax base and resident wealth and income indicators (issuer rating)
- Decline in pension and OPEB liability (issuer rating)
- Upgrade of issuer rating (GOLT rating)

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Contraction of the tax base and resident wealth and income level (issuer rating)
- Material growth in long-term liabilities (issuer rating)
- Decline in fund balance (issuer rating)
- Downgrade of issuer rating (GOLT)

LEGAL SECURITY

The bonds are general obligations secured by the village's faith and credit backed by its commitment to levy ad valorem property taxes to pay debt service as limited by New York State's Property Tax Cap-Legislation (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

USE OF PROCEEDS

The bonds will be used to finance improvements to the village's water system facilities at Well No. 7 and the construction of a new administration building.

PROFILE

Mineola, NY is located in Nassau County on Long Island. The village's population was 19,132 according to the 2018 American Community Survey.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

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