



Rating Action: Moody's upgrades Freeport, NY's GOLT to Aa3; assigns Aa3 to \$5.9M GOLT bonds

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New York, April 05, 2019 -- Moody's Investors Service has upgraded the Village of Freeport, New York's long-term issuer rating and outstanding general obligation limited tax (GOLT) debt to Aa3 from A1. Concurrently, we have assigned a Aa3 to the village's \$5.9 million Public Improvement Serial Bonds - 2019 Series A.

We consider the outstanding debt to be GOLT because of limitations under New York State law on property tax levy increases. 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 Aa3 issuer rating upgrade reflects materially improved finances in recent years largely driven by management's aggressive efforts to find alternative sources of revenue. The rating also reflects a rebounding tax base favorably located in commuting distance to New York City (Aa1 stable). years.

The absence of distinction between the GOLT rating and the issuer rating reflects both the village board's ability to override the property tax cap and the faith and credit pledge supporting debt service, a security feature of all general obligation debt issued by New York local governments.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material increase in resident wealth and income
- Substantial tax base growth

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Material deterioration of tax base or resident wealth and income
- Decline of reserves and liquidity

LEGAL SECURITY

The GOLT bonds are secured by the village's general obligation pledge as limited by the Property Tax Cap-Legislation (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

USE OF PROCEEDS

Proceeds of the bonds will be used to permanently finance a portion of the village's outstanding bond anticipation notes.

PROFILE

The Village of Freeport has a population of approximately 43,000 and is located in Nassau County (A2 stable).

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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