

Rating Action: Moody's assigns Aaa to Fox Point (Village of), WI's GO notes; outlook is stable

26 Jun 2020

New York, June 26, 2020 -- Moody's Investors Service assigns a Aaa to Fox Point (Village of), WI's \$2.5 million General Obligation Promissory Notes, Series 2020. Moody's also maintains the Aaa rating on the village's outstanding general obligation unlimited tax (GOULT) bonds. Following the sale, the village will have \$13.2 million in rated GOULT bonds. The outlook is stable.

RATINGS RATIONALE

The Aaa reflects the growing, stable and very strong financial position. The village also benefits from a very wealthy tax base near the City of Milwaukee (A1 negative) and modest unfunded pension liabilities. The debt burden is moderate but has rapid principal amortization.

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 Fox Point, as the majority of the village's revenue is from relatively stable property taxes sourced from a primarily residential tax base with near perfect collection rates. 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 Fox Point changes, we will update the rating and/or outlook at that time.

RATING OUTLOOK

The stable outlook reflects our view that the village will maintain strong reserves, an affluent tax base and low pension liabilities.

ACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Not applicable

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Declines in the tax base or resident economic factors

- Narrowing of current reserves

- Growth in fixed costs

LEGAL SECURITY

The notes are secured by the village's GOULT pledge which benefits from a dedicated property tax levy, unlimited as to rate or amount.

USE OF PROCEEDS

The notes will finance various street, storm water, and other capital projects for the village.

PROFILE

The Village of Fox Point is located just north of Milwaukee along the Lake Michigan shoreline. The village spans an area of approximately three square miles and serves an estimated population of 6,571 residents.

METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in September 2019 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBM_1191097. Alternatively, please see the Rating Methodologies page on www.moody.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.

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