

**Rating Action: Moody's assigns Aa2 to Lemont, IL's GO Bonds**

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01 Oct 2020

New York, October 01, 2020 -- Moody's Investors Service has assigned a Aa2 rating to the Village of Lemont, IL's \$2.3 million General Obligation Refunding Bonds (Alternate Revenue Source), Series 2020. Moody's maintains its Aa2 rating on the village's previously issued general obligation (GO) debt. After the current sale, the village will have \$31.4 million in general obligation unlimited tax (GOULT) debt.

**RATINGS RATIONALE**

The Aa2 rating incorporates the village's growing tax base in the Chicago (Ba1 stable) metropolitan area, above average resident income levels, healthy operating reserves, above average leverage from debt and pensions, and growing fixed costs associated with pension contributions.

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. Therefore, we do not see any material immediate credit risks for the village. 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**

Outlooks are generally not assigned to local governments with this amount of debt.

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING**

- Sustained increases in operating reserves and liquidity
- Significant decline in debt and pension burdens

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING**

- Weakening of tax base valuation and resident income levels
- Decline in operating reserves or liquidity
- Material growth in debt or pension burdens

**LEGAL SECURITY**

The Series 2020 bonds are ultimately secured by the village's general obligation unlimited tax pledge but debt service is expected to be paid with sales tax revenues.

**USE OF PROCEEDS**

The Series 2020 bonds will refund certain maturities of the village's 2012A bonds for expected net present value savings. The Series 2012A bonds were originally issued to fund capital improvements to village hall, a new enterprise resource planning system, and provide resources to pay an outstanding liability to the Illinois Tollway Authority.

**PROFILE**

The Village of Lemont is located approximately 25 miles southwest of Chicago near the intersection of interstates 55 and 355. The village provides a variety of services, including police protection, community planning and zoning, building and code enforcement, street building and maintenance, water and sewer services, and emergency disaster management, to a population of nearly 17,000.

**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](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://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](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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