

**Rating Action: Moody's assigns Aaa to Wilmette, IL's GO bonds**

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17 Jun 2020

New York, June 17, 2020 -- Moody's Investors Service assigns a Aaa rating to the Village of Wilmette, IL's \$28 million General Obligation Bonds, Series 2020A. Moody's maintains a Aaa rating on the village's outstanding general obligation unlimited tax (GOULT) debt. Following the sale, the village will have \$92 million of GOULT debt outstanding. The outlook is stable

**RATINGS RATIONALE**

The Aaa GOULT rating is supported by the village's very high resident incomes and broad revenue raising flexibility given its status as a home rule unit of local government. Financial operations are sound and operating fund balance and liquidity are expected to remain healthy as revenue loss from the response to the coronavirus outbreak will partially be offset by cost saving measures. The rating also considers the village's elevated long-term leverage that is driven primarily by very high unfunded pension benefits.

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 Wilmette, IL. 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 Wilmette, IL changes, we will update the rating and/or outlook at that time.

**RATING OUTLOOK**

The stable outlook reflects the expectation that the village's financial position will remain sound given strong budgetary management and that pressure from growing pension contributions will be modest given the village's affluent tax base and ability to raise local revenue to support higher pension contributions.

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

- Not applicable

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

- Further growth in pension or debt burdens
- Reduction in operating reserves or available liquidity

**LEGAL SECURITY**

The village's outstanding GOULT bonds, including the Series 2020A Bonds, are secured by the village's full faith and credit pledge to levy ad valorem taxes unlimited as to rate and amount. While the Series 2020A bonds are GOULT obligations, the village intends to abate the ad valorem tax and use the net revenues of the village's sewer and water systems to pay debt service.

**USE OF PROCEEDS**

The Series 2020A bonds will finance improvements to the village's storm water and water systems.

**PROFILE**

Wilmette is located in Cook County (A2 stable) approximately 16 miles north of downtown Chicago (Ba1 stable). The village provides public safety (police and fire), water service (supply, treatment and distribution), sewer service (distribution only) and general governmental services to approximately 27,000 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.moodys.com](http://www.moodys.com) for a copy of this methodology.

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