

Rating Action: Moody's assigns initial Aa2 to Town of Canandaigua, NY's GOs

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New York, August 01, 2018 -- Moody's Investors Service has assigned an initial Aa2 general obligation limited tax (GOLT) rating to the Town of Canandaigua, NY's \$3.5 million Public Improvement (Serial) Bonds, 2018. Concurrently, Moody's has assigned an Aa2 issuer rating to the town.

RATINGS RATIONALE

The initial Aa2 rating reflects the town's moderately sized tax base with average resident income indices, a healthy financial position that is expected to remain stable over the medium term, a low debt burden, and modest unfunded pension liabilities.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE

- Growth and expansion of the town's tax base and/or demographic profile
- Maintenance of healthy financial operations

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Contraction of the town's tax base and/or demographic profile
- Deterioration of the town's financial operations and reserves
- Significant increase in debt burden

LEGAL SECURITY

The Series 2018 Bonds are secured by the town'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). The lack of rating distinction between the issuer rating and GOLT rating, is due, in part to, debt service that is payable from a levy without limitation as to rate or amount.

USE OF PROCEEDS

Proceeds from the Series 2018 Bonds will finance the demolition and construction of a highway garage facility. The proceeds will also pay a portion of the outstanding principal on the town's Bond Anticipation Notes (BANs) that is scheduled to mature in September 2018.

PROFILE

The Town of Canandaigua is located in Ontario County, approximately 25 miles southeast of the City of Rochester. The town is predominantly rural and residential in nature. In 2016, the town's population was an estimated 10,602.

METHODOLOGY

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

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