

CREDIT OPINION

25 January 2023



Send Your Feedback

Contacts

Nicholas Lehman VP-Senior Analyst	+1.781.672.1124
nicholas.lehman@moodys.com	
Christopher Covello VP-Senior Analyst	+1.212.553.0575
christopher.covello@moodys.com	

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Village of Garden City, NY

Update to credit analysis

Summary

The Village of [Garden City](#) (Aaa stable) benefits from a strong economy with high resident income located just 25 miles east of [New York City](#)'s (Aa2 stable) central business district.

The village's financial position is healthy with ample reserves and liquidity. The town's credit profile is bolstered by conservative fiscal management and formal policies that help to mitigate elevated leverage and an above-average fixed costs ratio driven in part by a high unfunded OPEB liability.

Credit strengths

- » High resident income
- » Healthy reserves and liquidity
- » Conservative fiscal management

Credit challenges

- » Elevated leverage as a percent of revenue
- » Above-average fixed costs ratio

Rating outlook

The stable outlook reflects the expectation that the village's conservative fiscal management will maintain a healthy financial position and continue to manage a high leveraged position.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Material decline in reserves and liquidity as a percent of revenue
- » Increase in leverage as a percent of revenue
- » Significant weakening of the local economy

Key indicators

Exhibit 1

Garden City (Village of) NY

	2019	2020	2021	2022	Aaa Medians
Economy					
Resident income ratio (%)	242.1%	248.9%	N/A	N/A	173.2%
Full Value (\$000)	\$6,640,814	\$6,881,042	\$7,233,555	\$7,670,751	\$8,668,233
Population	22,499	22,384	N/A	N/A	36,139
Full value per capita (\$)	\$295,160	\$307,409	N/A	N/A	\$225,444
Economic growth metric (%)	N/A	-0.5%	-0.6%	N/A	-0.6%
Financial Performance					
Revenue (\$000)	\$68,693	\$68,579	\$74,429	\$75,365	\$101,271
Available fund balance (\$000)	\$40,923	\$76,425	\$70,616	\$68,159	\$60,284
Net unrestricted cash (\$000)	\$53,978	\$93,021	\$93,778	\$85,532	\$85,080
Available fund balance ratio (%)	59.6%	111.4%	94.9%	90.4%	62.5%
Liquidity ratio (%)	78.6%	135.6%	126.0%	113.5%	89.9%
Leverage					
Debt (\$000)	\$42,130	\$81,624	\$90,246	\$87,425	\$71,359
Adjusted net pension liabilities (\$000)	\$83,363	\$107,336	\$75,898	\$61,944	\$120,889
Adjusted net OPEB liabilities (\$000)	\$144,436	\$177,175	\$151,744	\$132,305	\$14,025
Other long-term liabilities (\$000)	\$12,677	\$12,239	\$12,377	\$12,840	\$3,650
Long-term liabilities ratio (%)	411.4%	551.7%	443.7%	390.8%	257.7%
Fixed costs					
Implied debt service (\$000)	\$1,953	\$3,072	\$5,845	\$6,330	\$4,843
Pension tread water contribution (\$000)	\$3,219	\$3,304	\$4,942	\$3,494	\$3,247
OPEB contributions (\$000)	\$3,918	\$3,577	\$3,946	\$4,048	\$517
Implied cost of other long-term liabilities (\$000)	\$1,288	\$924	\$876	\$868	\$244
Fixed-costs ratio (%)	15.1%	15.9%	21.0%	19.6%	11.3%

For definitions of the metrics in the table above please refer to the [US Cities and Counties Methodology](#) or see the Glossary in the Appendix below. Metrics represented as N/A indicate the data were not available at the time of publication. The medians come from our most recently published [US Cities and Counties Median Report](#).

The Economic Growth metric cited above compares the five-year CAGR of real GDP for New York-Newark-Jersey City, NY-NJ-PA Metropolitan Statistical Area to the five-year CAGR of real GDP for the US.

Sources: US Census Bureau, Garden City (Village of) NY's financial statements and Moody's Investors Service, US Bureau of Economic Analysis

Profile

Garden City is located within the Town of [Hempstead](#) (Aaa stable) in [Nassau County](#) (A1 positive) approximately 25 miles and 35 minutes by train east of New York City's central business district. The village's population is around 22,500.

Detailed credit considerations

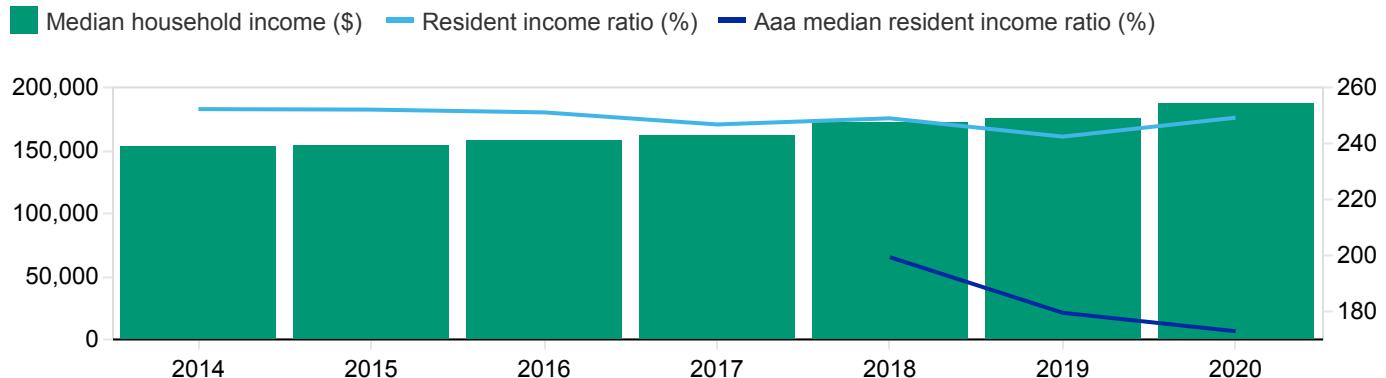
Economy: primarily residential tax base likely to remain strong with high resident income and wealth

The village's economy is part of the New York City MSA and given the close proximately to the city, helps drive growth in the primarily residential tax base. Tax appeals have been on the decline over the last five years and modest new development along with residential appreciation is expected to keep the local economy relatively stable. The village has focused on improving vacant lots, and will also benefit from a new hotel and a couple residential building projects. Adelphi University is the village's largest employer with around 1,100 employees. The village also benefits from a large presence of county government administrative buildings even though it is not the county seat.

Garden City's resident income is very high with a median household income equal to 249% of the US median adjusted for regional price parity (see exhibit). The high \$341,266 full value per capita also reflects the high wealth for the municipality. The village's unemployment rate of 2.3% (November 2022) continues to trend below the state and US rates, currently at 3.8% and 3.4%, respectively.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moodys.com> for the most updated credit rating action information and rating history.

Exhibit 2
Resident Income

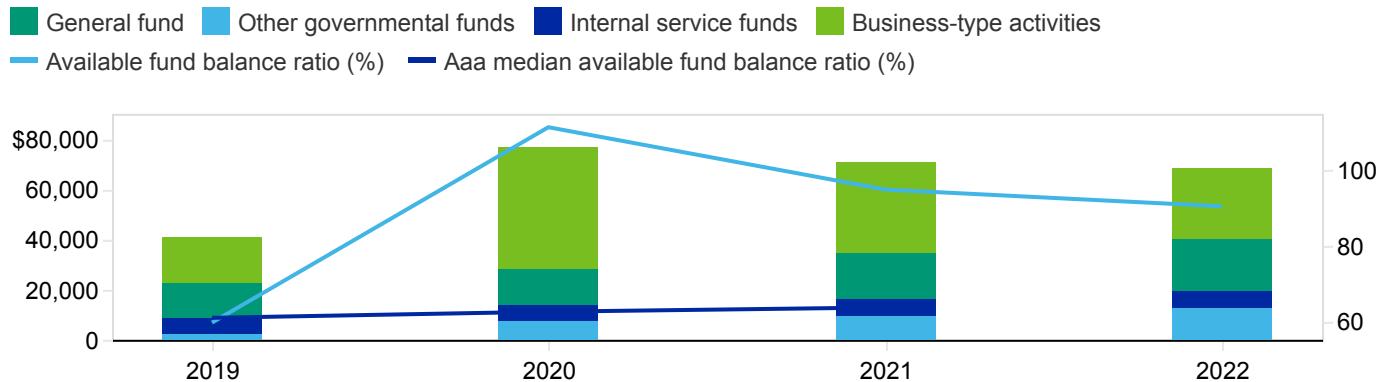


Source: Moody's Investors Service

Financial operations: strong financial position with conservative fiscal management

The village's financial position is likely to remain stable over the next few years because of conservative budgeting. Across all governmental funds and business-type activities, the village closed fiscal 2022 (the latest audit ending May 31, 2022) with an available fund balance and net unrestricted assets of \$68.2 million, representing a strong 90.4% of revenue (see exhibit). The village's reserves as a percent of revenue are expected to remain relatively stable going forward with some drawdown in the capital projects fund but maintaining a level in line with Aaa rated peers.

Exhibit 3
Fund Balance



As of May 31 fiscal year-end
Source: Moody's Investors Service

About 88% of the village's revenue base is comprised of governmental activities with property taxes being the largest revenue driver representing 81% of fiscal 2022 governmental revenue. The village's budget is conservatively managed and includes a contingency amount that helps to insulate operations from any unbudgeted revenue or expense variances. The budget is usually balanced with a mix of tax rate increases and/or use of prior year surpluses to maintain structural balance while being mindful of the tax burden. The village's business-type activities are comprised of pool, tennis and water enterprise funds, with water representing the largest operation. Each enterprise is expected to remain healthy with sufficient rate increases as needed to maintain operations.

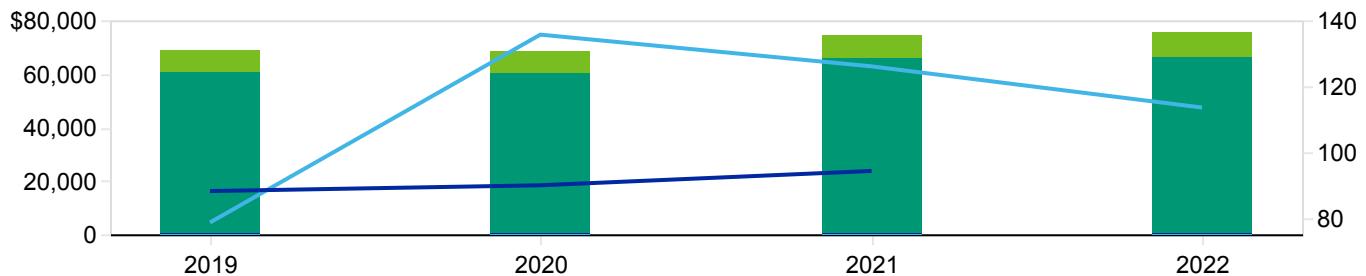
The fiscal 2023 general fund budget increased by only 0.5% or \$337,000 from the prior year budget driven primarily by salaries and employee benefits. The budget is balanced using reserves or surplus monies from the prior year and no material change to the tax levy. Year-to-date operations are trending on budget with positive savings on expenses given savings from open positions.

Liquidity

Unrestricted cash and investments at the end of fiscal 2022 totaled \$2.1 million representing 113.5% of revenue. The liquidity position is not expected to materially change through fiscal 2023.

Exhibit 4
Cash

General fund Other governmental funds Internal service funds Business-type activities Liquidity ratio (%)
— Aaa median liquidity ratio (%)



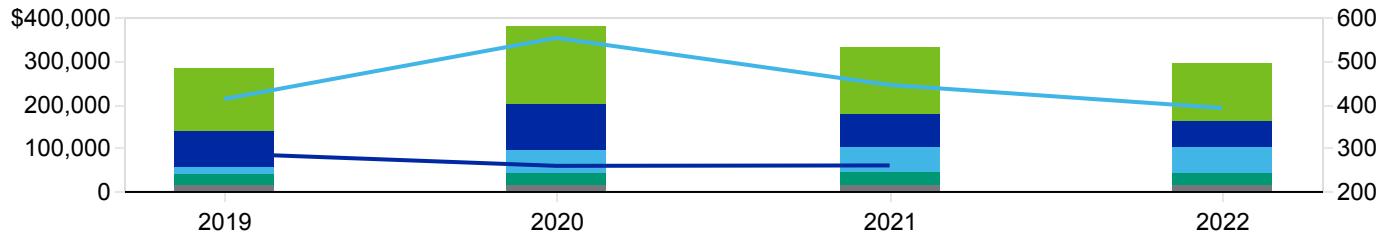
As of May 31 fiscal year-end
Source: Moody's Investors Service

Leverage: modest debt burden and elevated unfunded pension and OPEB liabilities

Garden City's leverage is high for the rating category and will likely remain a budget driver over the long-term given large unfunded pension and OPEB liabilities. The village ended fiscal 2022 with a long-term liabilities ratio of 390.8% of revenue (see exhibit). The village's debt accounts for 30% of the total leverage ratio while adjusted net pension liability and adjusted OPEB liability represent 21% and 45%, respectively.

Exhibit 5
Total Primary Government - Long Term Liabilities

Governmental Debt Business-Type Activity Debt Adjusted net pension liabilities
Adjusted net other post-employment liabilities Other long-term liabilities Long-term liabilities ratio (%)
— Aaa median long-term liabilities ratio (%)



As of May 31 fiscal year-end
Source: Moody's Investors Service

The debt burden is expected to remain modest given limited borrowing plans and funding most capital projects with taxes and funds on hand. The fiscal 2023-27 capital plan totals \$29.1 million including \$4.8 million of proposed funding in fiscal 2023 that will be funding through taxes.

Legal security

The village's bonds and notes are backed by the village's full faith and credit pledge supported by its authority to levy ad valorem property taxes subject to the limitations of New York State's legislated cap on property taxes (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

Debt structure

All of the village's debt outstanding is fixed rate with a final maturity of 2049.

Debt-related derivatives

Garden City has no debt-related derivatives.

Pensions and OPEB

Garden City's pension and OPEB liabilities are larger than its debt burden and though manageable at this time, represent a potential future credit challenge. The village participates in two multi-employer cost-sharing pension plans administered by the state. Based on the latest actuarial valuation reports of the two plans the weighted reported discount rate equals 6%. The 2022 Moody's adjusted net pension liability uses an adjusted discount rate of 4%. The village also contributes towards the net OPEB liability on a pay-go basis.

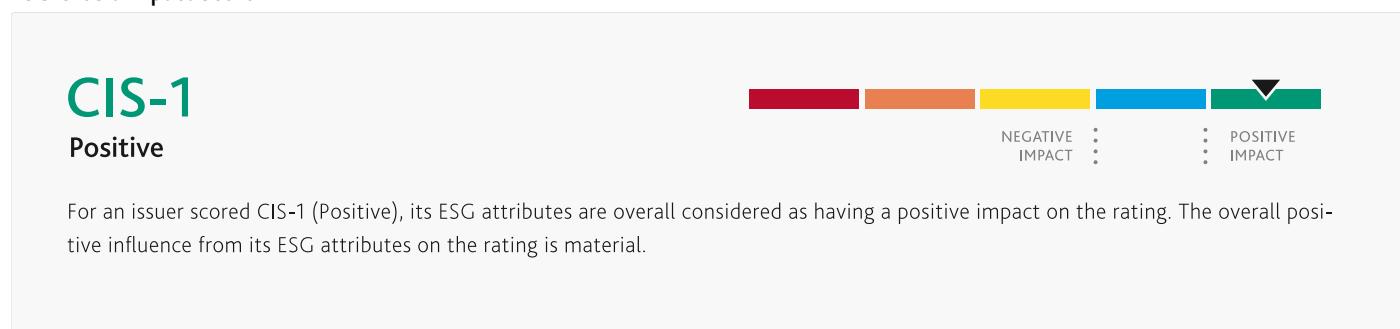
The village's fixed costs ratio is elevated at 19.7% of revenue and is expected to remain around this level over the next few years. Favorably, the village's annual pension contributions have been higher than the Moody's tread water indicator, which is the amount required to keep the unfunded liability from increasing if all actuarial assumptions are realized.

ESG considerations

Garden City (Village of) NY's ESG Credit Impact Score is Positive CIS-1

Exhibit 6

ESG Credit Impact Score



Source: Moody's Investors Service

The Village of Garden City's ESG credit impact score is positive (**CIS-1**), reflecting positive exposure to governance, and social risks while environmental risks are moderately negative.

Exhibit 7

ESG Issuer Profile Scores



Source: Moody's Investors Service

Environmental

The Village of Garden City's overall environmental issuer profile score is moderately-negative (**E-3**). All issuers in Nassau County have an elevated exposure to storms and water stress. The county maintains an active emergency management team and hazard mitigation plan to aid in navigating these challenges and works closely with all their local governments to help mitigate risks. The state and federal government have a long history of supporting local governments following extreme weather events. Exposure to other environmental risks such as carbon transition, natural capital, and pollution risks are low.

Social

The Village of Garden City's social issuer profile score is positive (**S-1**). Strong employment, low poverty, high resident income, high educational attainment, and low violent crime are positives. All municipalities in Nassau County have good access to basic services while risks associated with housing are neutral-to-low.

Governance

The Village of Garden City's governance issuer profile score is positive (**G-1**). **Government operations are managed by certified and experienced professionals who are responsible for implementing policy objectives. This, plus a combination of a strong state-wide institutional framework and conservative budgeting, has allowed for stable and strong financial operations. Finally, management is generally prompt in publishing its budgets and audited financial statements.** Monthly or quarterly interim statements are not available publicly.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The US Cities and Counties Rating Methodology includes a scorecard, which summarizes the rating factors generally most important to city and county credit profiles. Because the scorecard is a summary, and may not include every consideration in the credit analysis for a specific issuer, a scorecard-indicated outcome may or may not map closely to the actual rating assigned.

Exhibit 8

Garden City (Village of) NY

	Measure	Weight	Score
Economy			
Resident income ratio	248.9%	10.0%	Aaa
Full value per capita	341,266	10.0%	Aaa
Economic growth metric	-0.6%	10.0%	Aa
Financial Performance			
Available fund balance ratio	90.4%	20.0%	Aaa
Liquidity ratio	113.5%	10.0%	Aaa
Institutional Framework			
Institutional Framework	Aa	10.0%	Aa
Leverage			
Long-term liabilities ratio	390.8%	20.0%	Baa
Fixed-costs ratio	19.6%	10.0%	A
Notching factors			
Additional Strength in Local Resources	0.5		
Potential for significant change in leverage	-0.5		
Scorecard-Indicated Outcome			Aa2
Assigned Rating			
			Aaa

Sources: US Census Bureau, Garden City (Village of) NY's financial statements and Moody's Investors Service

Appendix

Exhibit 9

Key Indicators Glossary

	Definition	Typical Source*
Economy		
Resident income ratio	Median Household Income (MHI) for the city or county, adjusted for Regional Price Parity (RPP), as a % of the US MHI	MHI: US Census Bureau RPP: US Bureau of Economic Analysis
Full value	Estimated market value of taxable property in the city or county	State repositories; audited financial statements; continuing disclosures
Population	Population of the city or county	US Census Bureau
Full value per capita	Full value / population	
Economic growth metric	Five year CAGR of real GDP for Metropolitan Statistical Area or county minus the five-year CAGR of real GDP for the US	Real GDP: US Bureau of Economic Analysis
Financial performance		
Revenue	Sum of revenue from total governmental funds, operating and non-operating revenue from total business-type activities, and non-operating revenue from internal services funds, excluding transfers and one-time revenue, e.g., bond proceeds or capital contributions	Audited financial statements
Available fund balance	Sum of all fund balances that are classified as unassigned, assigned or committed in the total governmental funds, plus unrestricted current assets minus current liabilities from the city's or county's business-type activities and internal services funds	Audited financial statements
Net unrestricted cash	Sum of unrestricted cash in governmental activities, business type activities and internal services fund, net of short-term debt	Audited financial statements
Available fund balance ratio	Available fund balance (including net current assets from business-type activities and internal services funds) / Revenue	
Liquidity ratio	Net unrestricted cash / Revenue	
Leverage		
Debt	Outstanding long-term bonds and all other forms of long-term debt across the governmental and business-type activities, including debt of another entity for which it has provided a guarantee disclosed in its financial statements	Audited financial statements; official statements
Adjusted net pension liabilities (ANPL)	Total primary government's pension liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Adjusted net OPEB liabilities (ANOL)	Total primary government's net other post-employment benefit (OPEB) liabilities adjusted by Moody's to standardize the discount rate used to compute the present value of accrued benefits	Audited financial statements; Moody's Investors Service
Other long-term liabilities (OLTL)	Miscellaneous long-term liabilities reported under the governmental and business-type activities entries	Audited financial statements
Long-term liabilities ratio	Debt + ANPL + ANOL + OLTL / Revenue	
Fixed costs		
Implied debt service	Annual cost to amortize city or county's long-term debt over 20 years with level payments	Audited financial statements; official statements; Moody's Investors Service
Pension tread water contribution	Pension contribution necessary to prevent reported unfunded pension liabilities from growing, year over year, in nominal dollars, if all actuarial assumptions are met	Audited financial statements; Moody's Investors Service
OPEB contribution	City or county's actual contribution in a given period	Audited financial statements
Implied cost of OLTL	Annual cost to amortize city or county's other long-term liabilities over 20 years with level payments	Audited financial statements; Moody's Investors Service
Fixed-costs ratio	Implied debt service + Pension tread water + OPEB contributions + Implied cost of OLTL / Revenue	

*Note: If typical data source is not available then alternative sources or proxy data may be considered. For more detailed definitions of the metrics listed above please refer to the [US City and Counties Methodology](#).

Source: Moody's Investors Service

© 2023 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED BY MOODY'S (COLLECTIVELY, "PUBLICATIONS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES ITS PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND PUBLICATIONS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay to Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it fees ranging from \$1,000 to approximately \$5,000,000. MCO and Moody's Investors Service also maintain policies and procedures to address the independence of Moody's Investors Service credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Investor Relations — Corporate Governance — Charter Documents - Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any credit rating, agreed to pay to MJKK or MSFJ (as applicable) for credit ratings opinions and services rendered by it fees ranging from JPY100,000 to approximately JPY550,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

REPORT NUMBER

1356068

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454