

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's upgrades to A3 Port Jervis City, NY's issuer and GOLT rating; removes stable outlook

16 Sep 2021

New York, September 16, 2021 -- Moody's Investors Service has assigned an A3 rating to the City of Port Jervis, NY's \$4.2 million Various Purposes Serial Bonds - 2021 Series A and \$2 million Refunding Serial Bonds - 2021 Series B. Concurrently, Moody's has upgraded the town's existing issuer and general obligation limited tax (GOLT) ratings to A3 from Baa1. The stable outlook has been removed.

RATINGS RATIONALE

The assignment and upgrade to A3 from Baa1 reflects the city's demonstrated and disciplined budget practices which have resulted in five consecutive years of surplus operations. This has led to growing reserves and liquidity. The rating also reflects elevated levels of long term liabilities and fixed costs, in addition to modest wealth levels, weak population growth, and a history and exposure to flooding events.

The GOLT ratings also reflect the town's modest wealth and income, exposure to flood events, and much improved, financial position.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Reduction of long term liabilities and fixed costs
- Material increase in reserves and liquidity

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Decline in reserves or deficit operations
- Significant increase in debt or other long term liabilities
- Flood event that has a significant negative impact on tax base over the long term

LEGAL SECURITY

The city's bonds and notes are backed by its full faith and credit general obligation pledge supported by its authority to levy property taxes as limited by New York State's Property Tax Cap-Legislation (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

USE OF PROCEEDS

The Series A bonds will be used for various improvements, equipment, and design for a new Dept of Public Works facility including \$2.5 million to redeem outstanding Bond Anticipation Notes due in October 2021. The Series B bonds will refund a portion of the series 2013 bonds for an expected net present value savings.

PROFILE

The City of Port Jervis is located at the juncture of the Delaware and Neversink Rivers in southwestern Orange County (Aa2 stable) in New York's Hudson Valley. It has population of 8,595 (2019 American Community Survey), and is located approximately 80 miles northwest of New York City, bordering both New Jersey and Pennsylvania.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published

in January 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094. Alternatively, please see the Rating Methodologies page on 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.

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