

**Rating Action: Moody's assigns Aa3 to the Village of Port Chester, NY's \$14.5 million Series 2021 GO Bonds**

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New York, February 02, 2021 -- Moody's Investors Service has assigned an Aa3 to the Village of Port Chester, New York's \$14.5 million Public Improvement Serial Bonds, 2021. Moody's maintains a Aa3 rating on the village's outstanding general obligation limited tax (GOLT) debt and the village's Aa3 issuer rating.

We consider the village's GO debt to be GOLT because of limitations under New York State law on property tax levy increases. The issuer rating is equivalent to the city's hypothetical general obligation unlimited tax rating; there is no debt associated with this security.

**RATINGS RATIONALE**

The Aa3 issuer rating reflects the village's favorable location in the town of Rye (Aa1), Westchester County (Aa1, negative) on the border of Connecticut and commuting distance to the city of New York (Aa2, negative). The village is characterized by a modest, but growing fund balance and operations which turned positive in 2020 for the first time in several years. The rating also incorporates, below average resident wealth and incomes for the region, as well as elevated fixed costs and leverage.

The absence of distinction between the GOLT rating and the issuer rating reflects the village board's ability to override the property tax cap and the village's pledge of its faith and credit to pay debt service.

**RATING OUTLOOK**

Moody's does not generally assign outlooks to local governments with this amount of debt outstanding.

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

- A trend of operating surpluses, leading to growth in liquidity and reserves
- Material tax base expansion
- Reduced leverage and fixed costs

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

- Reduced fund balance or cash levels
- Increased fixed costs or leverage
- Decline of tax base

**LEGAL SECURITY**

All of the village's bonds are secured by the village's general obligation pledge as limited by New York State's legislated cap on property taxes (Chapter 97 (Part A) of the Laws of the State of New York, 2011).

**USE OF PROCEEDS**

The GO Bond proceeds will be used to redeem \$4.9 million of BANs which were used to fund reconstruction of bulkheads and public access along the Byram River to help protect the downtown from storm surge and sea level rise events. Approximately \$9.6 million will be used for variety of municipal projects and capital equipment.

**PROFILE**

Port Chester, a 2.4 square mile village with approximately 29,342 residents in the Town of Rye (Aa1), is in the southeast portion of Westchester County (Aa1), approximately 30 miles northeast of New York City.

## METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2021 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1260094](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1260094). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

## REGULATORY DISCLOSURES

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