

Rating Action: Moody's upgrades Town of Cortlandt, NY to Aa1

27 Sep 2019

New York, September 27, 2019 -- Moody's Investors Service has assigned a Aa1 rating to Town of Cortlandt, NY's \$2 million Public Improvement (Serial) Bonds, 2019. Concurrently, Moody's has upgraded the town's issuer rating and outstanding general obligation limited tax (GOLT) to Aa1 from Aa2. The issuer rating is equivalent to the town's hypothetical general obligation unlimited tax rating (GOULT); there is no debt associated with the GOULT security.

RATINGS RATIONALE

The upgrade to Aa1 reflects management's effective preparation for the closure of the Indian Point nuclear facility and the town's loss of associated PILOT revenues. The rating also reflects the town's robust and growing tax base in upper Westchester County (Aa1 negative) and its affluent local resident population. The rating additionally incorporates the town's strong financial position and low and manageable debt and pension burdens.

We consider the outstanding debt to be GOLT because of limitations under New York State law on property tax levy increases. The lack of distinction between the GOLT rating and the Issuer rating reflects the town board's ability to override the property tax cap and the faith and credit pledge in support of debt service.

RATING OUTLOOK

Outlooks are not typically applied to local government credits with this amount of debt outstanding

FACTORS THAT COULD LEAD TO AN UPGRADE

- Material strengthening of tax base and resident wealth levels
- Significant improvement of reserves and liquidity

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Deterioration of financial position
- Inability to seamlessly incorporate declines of Indian Point PILOT into town budget, resulting in material erosion of reserves

LEGAL SECURITY

The 2019 bonds and outstanding GOLT bonds are secured by the town's general obligation pledge 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 proceeds of the bonds, plus \$150,000 of funds on hand will be used to permanently finance \$2,150,000 of the Bond Anticipation Notes, 2018 Series A at maturity on October 11, 2019.

PROFILE

The town encompasses approximately 34 square miles and is located in the northwestern section of Westchester County. Manhattan is about 50 miles south of the town. The town includes the incorporated Villages of Croton-On-Hudson (Aa2) and Buchanan. The town's 2017 population was 42,816.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in September 2019. Please see the Rating Methodologies page on www.moody.com for a copy of this

methodology.

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