

MOODY'S

INVESTORS SERVICE

Rating Action: Moody's assigns Aa1 rating to Newport News, VA's Water Rev. Bonds; \$61.3M 2021

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New York, March 02, 2021 -- Moody's Investors Service has assigned a Aa1 rating to the City of Newport News, VA's \$61.3 million Water Revenue Bonds, Series 2021. Moody's maintains a Aa1 rating on the enterprise's \$51.6 million in outstanding senior lien bonds.

RATINGS RATIONALE

The Aa1 rating reflects the enterprise's growing and diverse customer base with slightly below average wealth levels, a history of sound debt service coverage supported by a willingness to increase rates, low debt ratio, and adequate legal provisions. Financial operations and liquidity are expected to remain healthy due to proactive management, and a growing customer base.

RATING OUTLOOK

Outlooks are not typically assigned to issuers with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Growth in system size
- Strengthened income metrics of the service area

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Decline in debt service coverage
- Deterioration of cash reserves

LEGAL SECURITY

The bonds are secured by a senior lien pledge of net revenues of the water system.

USE OF PROCEEDS

The 2021 Revenue Bonds will finance various system capital projects.

PROFILE

Newport News, VA is an independent city in the Hampton Roads Region of the Commonwealth of Virginia (Aaa stable) encompassing approximately 69 square miles. The city is organized according to a council-manager form of government and the region is home to a number of stabilizing military institutions. According to the most recent U.S. American Community Survey, the city's population totaled 179,630 in 2019, which represents a modest 0.2% decline from 2010.

METHODOLOGY

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in October 2017 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1095545 . 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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The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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