

Rating Action: Moody's assigns Aa1 to Newport News, VA's Series 2021C GO Bonds

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New York, March 25, 2021 -- Moody's Investors Service has assigned a Aa1 rating to the City of Newport News, VA's \$17 million General Obligation Refunding Bonds, Series 2021C. Moody's maintains the Aa1 rating on the city's outstanding parity general obligation debt.

RATINGS RATIONALE

The Aa1 rating reflects a sizeable and growing tax base benefiting from the presence of multiple military institutions in the region, satisfactory reserves and liquidity supported by conservative budgeting and adherence to formal fiscal policies, as well as elevated but manageable debt and pension burdens.

RATING OUTLOOK

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

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATING

- Material improvement in reserve levels and balance sheet ratios
- Reduction in debt burden
- Continued tax base growth and improvement in the city's socioeconomic profile

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATING

- Trend of operating deficits and narrowing reserve levels
- Material declines in tax base values and wealth levels
- Substantial increase in debt and/or pension burdens

LEGAL SECURITY

The bonds are secured by the city's unlimited ad valorem tax and full, faith, and credit pledge.

USE OF PROCEEDS

Proceeds of the Series 2021C Bonds will be used to advance refund prior series of general obligation bonds (Series 2012C). The Series 2021C bonds are a Forward Direct Purchase between the City of Newport News and Morgan Stanley.

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 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.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Kimberly Lyons
Lead Analyst
Regional PFG Northeast
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York 10007
US

JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Nicholas Lehman
Additional Contact
Regional PFG Northeast

JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653



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