

Rating Action: Moody's upgrades Point Pleasant, NJ's GO to Aa2

27 Jun 2019

Assigns Aa2 to GO bonds

New York, June 27, 2019 -- Moody's Investors Service has upgraded the Borough of Point Pleasant, NJ's general obligation unlimited tax (GOULT) rating to Aa2 from Aa3. Concurrently, Moody's has assigned a Aa2 rating to the borough's \$10.7 million General Obligation Bonds, Series 2019 consisting of \$5,953,000 General Improvement Bonds and \$4,707,000 Water/Sewer Utility Bonds.

Post-sale the borough will have \$28.2 million in GOULT debt, all of which is rated.

RATINGS RATIONALE

The Aa2 rating reflects the borough's substantial tax base, solid resident wealth and income, and strong finances. The rating also takes into account the borough's exposure to extreme weather events and flooding.

RATING OUTLOOK

Outlooks are usually not assigned to local government credits with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Strengthening of the borough's tax base and resident wealth and income

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Material deterioration of the tax base and resident wealth and income
- Significant decrease in reserves

LEGAL SECURITY

Debt service on the bonds is secured by the borough's general obligation unlimited ad valorem tax pledge.

USE OF PROCEEDS

Proceeds from the bonds, plus previously budgeted funds on hand, will be used to permanently finance outstanding bond anticipation notes previously issued for various capital projects.

PROFILE

Point Pleasant is located in Ocean County (Aaa stable) on the Jersey shore with a population of approximately 18,500.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in December 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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Douglas Goldmacher
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

Christopher Coviello
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

Moody's
INVESTORS SERVICE

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