

Rating Action: Moody's upgrades Tinton Falls, NJ's GO bonds to Aa1

14 Aug 2020

Assigns Aa1 to new GO bonds

New York, August 14, 2020 -- Moody's Investors Service has upgraded the Borough of Tinton Falls, NJ's general obligation unlimited tax (GOULT) rating to Aa1 from Aa2. Concurrently, we have assigned a Aa1 rating to the borough's \$3.3 million General Obligation Refunding Bonds, Series 2020 consisting of \$2.9 million General Improvement Refunding Bonds, Series 2020 and \$460,000 Open Space Refunding Bonds, Series 2020.

RATINGS RATIONALE

The upgrade to Aa1 reflects the borough's increasingly strong finances. The rating also incorporates its above-average resident wealth and income, modest debt, favorable location and above-average pension burden.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. We do not see any material immediate credit risks for Tinton Falls; to date, the borough's finances have remained healthy and tax collections have not been materially impacted. This is of particular note as property taxes comprise 63.4% of borough revenues. Despite being near the epicenter for the pandemic, the township has had only limited direct expenditures related to the pandemic. However, the situation surrounding coronavirus is rapidly evolving and the longer term impact will depend on both the severity and duration of the crisis. If our view of the credit quality of Tinton Falls changes, we will update our opinion at that time.

RATING OUTLOOK

Outlooks are usually not assigned to ratings with this amount of debt outstanding.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

-Material growth in tax base and resident wealth and income

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

-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 pledge of its full faith and credit backed by its legal obligation to levy ad valorem tax on all taxable property for the payment of debt service without limit as to rate or amount.

USE OF PROCEEDS

Proceeds from the bonds will be used to refund outstanding debt for savings.

PROFILE

Tinton Falls is a high wealth, suburban community in Monmouth County, NJ (Aaa stable). It has a population of just under 18,000.

METHODOLOGY

The principal methodology used in these ratings was US Local Government General Obligation Debt published in July 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1230443. 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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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

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