

**Rating Action: Moody's assigns MIG 1 to Berkeley Heights, NJ's notes**

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12 Jun 2020

New York, June 12, 2020 -- Moody's Investors Service has assigned a MIG 1 rating to the Township of Berkeley Heights, NJ's \$24 million Bond Anticipation Note, Series 2020A (Non-callable) and \$10.5 million Bond Anticipation Note, Series 2020B (Callable). Concurrently, we have affirmed the township's Aa1 general obligation unlimited tax (GOULT) rating.

**RATINGS RATIONALE**

The Aa1 GOULT rating reflects the township's substantial tax base, solid wealth levels, and strong finances, all of which are expected to remain healthy despite the impact of the pandemic.

The MIG 1 short term rating reflects the township's strong fundamental credit quality, reflected in its Aa1 long-term credit rating, adequate liquidity and an established record of market access.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. The coronavirus crisis is not a key driver for this rating action. We do not see any material immediate credit risks for Berkeley Heights. 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 Berkeley Heights changes, we will update the rating and/or outlook at that time.

**RATING OUTLOOK**

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

**FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS**

- Sustained increases in reserves (GOULT)
- Reduction in long-term liabilities (GOULT)

**FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS**

- Material deterioration of the tax base and resident wealth and income (GOULT)
- Significant decrease in reserves (GOULT)
- Downgrade of long-term rating (BAN)
- Decrease in liquidity (BAN)

**LEGAL SECURITY**

Debt service on the notes and outstanding GOULT debt is secured by the township'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 notes will be used to finance various capital projects.

**PROFILE**

Berkeley Heights is a township located within commuting distance of New York City with a population of approximately 13,500.

**METHODOLOGY**

The principal methodology used in the long-term ratings was US Local Government General Obligation Debt published in September 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1191097](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1191097). The principal methodology used in the short-term ratings was US Bond Anticipation Notes and Related Instruments Methodology published in October 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM\\_1146782](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBM_1146782). Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

## 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](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](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569).

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