

KBRA Assigns AA+ Rating, Stable Outlook to The City of New York's General Obligation Bonds

New York (February 23, 2024)

KBRA assigns long-term rating of AA+ with a Stable Outlook to The City of New York's General Obligation Bonds - Fiscal 2006 Series J, Subseries J-A, Fiscal 2008 Series A, Subseries A-4, Fiscal 2008 Series C, Subseries C-4, Fiscal 2009 Series B, Subseries B-3, and General Obligation Bonds, Fiscal 2024 Series C. Concurrently, KBRA affirms the AA+ rating and Stable Outlook on the City's outstanding General Obligation Bonds.

Key Credit Considerations

The rating was assigned because of the following key credit considerations:

Credit Positives

- The City's role as international business and cultural center commensurate with its status as the nation's largest city, and position as the center of a large metropolitan economy.
- Institutionalized policies and procedures support financial stability.
- Long range financial and capital planning; pension funded ratios and unfunded liabilities have trended positively, while annual debt service requirements continue to be maintained at below 15% of City tax revenues.

Credit Challenges

- The economic base remains susceptible to financial services sector cycles, although financial sector reliance has moderated with increasing diversification of the City's economic base.
- The Financial Plan identifies out-year budget gaps, now exacerbated by the asylum seeker crisis, which must be closed.
- Absent significant Federal and/or State funding to assist the City in handling the continuing influx of asylum seekers, further increases in projected outyear budget gaps are likely. The crisis may also pressure provision of services and have quality of life implications.
- Coastline location and associated exposure to climate change related to rising sea levels and intensifying storms.

Rating Sensitivities

For Upgrade

- Maintenance of the City's sound fiscal posture, revenue resiliency and employment growth trend in the face of prevailing economic and social headwinds.
- Adoption of guidelines for target size of reserves and conditions for withdrawal.
- Reduction in out-year budget gaps.

For Downgrade

- Secular economic decline and/or deterioration in a key economic segment, such as commercial real estate, of sufficient magnitude to challenge budgetary revenues.
- Relaxation of, or less adherence to, well-established policies and procedures.

To access rating and relevant documents, click [here](#).



Methodologies

- [Public Finance: U.S. Local Government General Obligation Rating Methodology](#)
- [ESG Global Rating Methodology](#)

Analytical Contacts

Harvey Zachem, Managing Director (Lead Analyst)
+1 646-731-2385
harvey.zachem@kbra.com

Linda Vanderperre, Senior Director
+1 646-731-2482
linda.vanderperre@kbra.com

**Karen Daly, Senior Managing Director
(Rating Committee Chair)**
+1 646-731-2347
karen.daly@kbra.com

Business Development Contacts

William Baneky, Managing Director
+1 646-731-2409
william.baneky@kbra.com

James Kissane, Senior Director
+1 646-731-2380
james.kissane@kbra.com

Disclosures

A description of all substantially material sources that were used to prepare the credit rating and information on the methodology(ies) (inclusive of any material models and sensitivity analyses of the relevant key rating assumptions, as applicable) used in determining the credit rating is available in the Information Disclosure Form(s) located [here](#).

Information on the meaning of each rating category can be located [here](#).

Only those ratings on securities issued by this Issuer that also are denoted on the Security Ratings tab for this Issuer on KBRA.com as “endorsed” by Kroll Bond Rating Agency Europe Limited into the European Union and/or by Kroll Bond Rating Agency UK Limited into the UK are covered by the disclosures set forth in this press release and the corresponding Information Disclosure Form. No other ratings on issuances by this Issuer have been endorsed into the European Union or the UK, and the disclosures set forth herein and in the corresponding Information Disclosure Form are inapplicable to those ratings and may not be used for regulatory purposes by European Union or UK investors in these securities.

Further disclosures relating to this rating action are available in the Information Disclosure Form(s) referenced above. Additional information regarding KBRA policies, methodologies, rating scales and disclosures are available at www.kbra.com.

About KBRA

Kroll Bond Rating Agency, LLC (KBRA) is a full-service credit rating agency registered with the U.S. Securities and Exchange Commission as an NRSRO. Kroll Bond Rating Agency Europe Limited is registered as a CRA with the European Securities and Markets Authority. Kroll Bond Rating Agency UK Limited is registered as a CRA with the UK Financial Conduct Authority. In addition, KBRA is designated as a designated rating organization by the Ontario Securities Commission for issuers of asset-backed securities to file a short form prospectus or shelf prospectus. KBRA is also recognized by the National Association of Insurance Commissioners as a Credit Rating Provider.