
KBRA Assigns AA+ Rating to the City of New York's General Obligation Bonds, Fiscal 2023 Series E

NEW YORK (March 23, 2023) – KBRA assigns the long-term rating of AA+ with a Stable Outlook to the City of New York's General Obligation Bonds, Fiscal 2023 Series E. 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

- 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 and tenor of actions enacted during the pandemic 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

- Economic base remains susceptible to financial services sector cycles, although financial sector reliance has moderated with increasing diversification.
- Financial Plan identifies out-year budget gaps, which must be closed.
- Negotiation of new labor agreements with a large proportion of the City's workforce.
- Coastline location and associated exposure to climate change related to rising sea levels and intensifying storms.

Rating Sensitivities

For Upgrade

- Further increases in reserve levels.
- Adoption of guidelines for target size of reserves and conditions for withdrawal.
- Reduction in out-year budget gaps.

For Downgrade

- Secular economic decline.
- Relaxation of, or less adherence to, well-established policies and procedures.

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

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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](#).

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