

MOODY'S RATES TOWNSHIP DEBT

January 10, 2012

Livingston, NJ - Citing community factors and strong management practices, Moody's Investors Services, one of the nation's leading bond rating agencies, has assigned a rating of Aa2 to the Township's outstanding debt. Obligations rated in this category are considered to be of high quality and subject to very low credit risk. The assessment affirms Moody's upward adjustment of the Township's bond rating from Aa3 last year and is equivalent to the rating of AA assigned by Standard & Poor's who rated the Township for the first time in 2010. Chief Financial Officer Bill Nadolny stated that, "the Aa credit ranking is important because it opens up the market by making the Township's bonds attractive to large institutional investors."

The Moody's rating report states, "We believe the township has taken positive steps toward achieving long-term fiscal balance, increasing the funding of accumulated employee benefits, decreasing reliance on fund balance appropriations, finding new revenue sources, and cutting expenditures." The report cites several factors that continue to pressure the Township's budget, including a decline in general fund balance, reductions in State payments, future liabilities for unused employee sick days and "despite the fact that tax rates are comparatively low, the township faces significant tax appeals."

Although the Township continues to face challenges, the report continues, "Management has demonstrated an awareness of these problems and a willingness to take steps to address them." Township Manager Michele Meade commented, "It became evident during our discussions with Moody's that having a long-term financial plan in place, and demonstrating the resolve to observe the policies recommended by that plan, contribute greatly toward achieving long-term fiscal stability." "We know that we have successfully avoided any drastic measures that many other communities have had to undertake during the past several years," said Meade. "But this opinion from a prominent independent agency in the greater financial community validates the actions that we've taken so far."

Moody's issued the rating in conjunction with the Township's upcoming sale of \$53.7 million of bonds to fund a variety of capital expenditures including the new municipal building, roads, utility infrastructure and other improvements. Of the total amount to be issued, just \$1.1 million actually represents new debt for Water and Sewer improvements. The remaining \$52.6 million will be issued to replace existing short-term notes originally issued between 2007 and 2011 with long-term bonds. Municipal bond interest rates have steadily declined to near-historical lows in recent years. Noting that interest rates have decreased even further in the last six to nine months, Nadolny observed, "The Township appears to be entering the long-term market at just the right time."

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