



Moody's UPGRADES Long Beach NY's GO rating to Baa1 from Baa2; POSITIVE Outlook going forward (Estimated Savings \$200,000) 8th Credit Positive Action for this Administration

Moody's Investor Services, for the second year in a row, upgraded the rating of Long Beach bonds signaling a strong & steady recovery. Moody's Upgrades Long Beach NY's GO Rating to Baa1 from Baa2; Outlook Positive going forward.

The January 29, 2016 report reflects a positive Outlook going forward for the City citing, "The positive outlook also reflects our expectation that management will continue to build reserves over the near term. The outlook further reflects improved fiscal controls and policies implemented by the current management team." "Future rating reviews will focus on the city's ability to adhere to its plan to achieve and maintain structural balance, restore reserves and to continue to demonstrate commitment to conservative budgeting practices."

MOODY'S RATING RATIONALE (MOODY'S CITES THE FOLLOWING):

- ✓ **ECONOMY AND TAX BASE:** *Sizable base continues to show signs of recovery following Superstorm Sandy.* "Long Beach was greatly affected by Superstorm Sandy, resulting in significant damage to critical infrastructure, however the city continues to actively rebuild." "Building permits are up 856% since Superstorm Sandy and the overall housing market is starting to rebound..." "Additionally the city saw it's second full season of beach activities since Sandy earning \$4.3 million in revenues, the best season in recent history."
- ✓ **FINANCIAL OPERATIONS AND RESERVES:** *Proactive Management Should Continue to Drive Improvement in Financial Position.* "Over the past three years, management has implemented various cost controls, revenue enhancements and other policies which resulted in the city's second expected operating surplus in five fiscal years." "The fiscal 2015 budget included an operational tax levy decrease of approximately 1.3%, given the elimination of the deficit reduction surcharge and a \$1.5 million appropriation of fund balance. Unassigned fund balance is projected to increase to \$7 million from \$5 million."
- ✓ **DEBT AND PENSIONS:** "The elevated debt burden (2.4% of full value) is expected to remain manageable given rapid amortization."
- ✓ **MANAGEMENT AND GOVERNANCE:** "City management continues to strengthen internal financial controls with a detailed budget monitoring process and multi-year planning."

OUTLOOK:

- WHAT COULD MAKE THE RATING GO UP** ↑
- Demonstrated ability to structurally balance budgets;
 - Continued improvement in liquidity and reserves following the issuance of deficit reduction bonds.

- WHAT COULD MAKE THE RATING GO DOWN** ↓
- Reduced liquidity and reserves despite the issuance of deficit reduction bonds;
 - Failure to adhere to policies and procedures;
 - Failure to implement structural changes to water and sewer funds resulting in further declines.

CITY'S RECENT RATING HISTORY

Dec 20, 2011

Moody's DOWNGRADES City 5 levels to Baa3 from A1; In review for drop to junk bond status.

June 12 & Dec 17, 2012

Moody's confirms/affirms Baa3 rating; Outlook Negative. No longer under review for downgrade.

June 9, 2014

Moody's changes Outlook to POSITIVE; affirms Baa3.



Jan 29, 2016

Moody's UPGRADES rating to Baa1; Outlook is POSITIVE.

Jan 1 & March 22, 2012

Current Administration takes Office; Moody's continues to review rating for downgrade.

Aug 30¹ & Dec 3, 2013²

Moody's changes Outlook to STABLE; affirms Baa3¹. Affirms Baa3; Outlook Stable.²

Feb 3, 2015

Moody's UPGRADES rating to Baa2; Outlook is POSITIVE.

*Additional Moody's announcements include: (i) Oct 1, 2012 COLB Increases Property Taxes, a Credit Positive, (ii) Nov 20, 2012 Hurricane Sandy adds to COLB Financial Strain, (iii) Jun 27, 2013 NY State Legislature approves Deficit Financing, Credit Positive, (iv) Feb 21, 2014 Dunes Protection Project Credit Positive for LB.