



Memorandum

To: Frank Nucera, Chief of Police
David Kocian, Chief Financial Officer
Mayor Jim Cann, Township Mayor

From: David Thompson and Sherry Tracey, Phoenix Advisors, LLC

Subject: Township of Bordentown - Bond Rating Update

Date: September 27, 2013

As you are aware, as part of their ongoing review of the Township of Bordentown's outstanding bond rating, Standard & Poor's reached out to the Township in August to conduct a surveillance call to discuss the Township's financial performance over the last 12 to 14 months. Since Standard & Poor's maintains a bond rating of the Township's outstanding debt, they are required to review the Township's credit every 12 to 24 months and to update the public so that bondholders are kept current on the financial status of the Township and investors can make an informed decision about owning the Township's bonds.

I am very excited to announce that Standard & Poor's has **UPGRADED** the Township's bond rating to "AA" with a stable outlook. As of May 2012, the Township's bond rating had been "AA-" with a negative outlook. The negative outlook placed on the Township last year meant that Standard & Poor's was carefully watching the Township for a potential downgrade. Instead, after a lengthy and detailed discussion with Standard & Poor's on August 29, in which both Frank and David highlighted the many positive trends and strengthening financial position of the Township, Standard & Poor's has chosen to upgrade the Township! In addition to the one-notch upgrade, their outlook on the Township was also improved from "negative" to "stable".

Although our call was last month, Standard & Poor's didn't finalize their rating action until yesterday. The delay was due to the rating committee waiting for the release of a new standardized rating criteria for local governments that was effective last week.

We believe the Township's upgrade is due in large part to the increased financial strength of the Township, continued economic development and the addition of new Township policies, including the ordinance adopted for unreserved fund balance.

Phoenix Advisors is proud to have helped the Township of Bordentown on this very significant achievement! This very strong rating will have a significant impact on any debt issuance of the Township in the form of reduced interest cost over the life of any borrowing.

We will forward a copy of the rating report once it is completed by Standard & Poor's.