

Bond Case Briefs

Municipal Finance Law Since 1971

S&P: Atlantic City, NJ GO Rating Remains On Watch Neg Pending Key Report, Action On Approved Bills.

NEW YORK (Standard & Poor's) Nov. 4, 2015 — Standard & Poor's Ratings Services today said that its ratings on Atlantic City, N.J. remain on CreditWatch with negative implications, pending the release of an updated report from the city's Emergency Manager and action on several bills approved by the state legislature. Standard & Poor's expects to resolve or update its CreditWatch within the next 60 days.

We lowered the general obligation (GO) bond rating to 'B' and placed it on CreditWatch with negative implications on Aug. 3, 2015 (for more information on the GO rating, please see the summary analysis on Atlantic City, published on Aug. 3, 2015, on RatingsDirect).

While the state's Local Finance Board approved the city's fiscal 2015 budget last month, an anticipated updated report from the city's Emergency Manager has not been released and there has been no action yet on several bills passed by the state legislature.

In compliance with state law, the city's 2015 budget is balanced. However, this is achieved through anticipated revenues of \$33.5 million in redirected casino taxes and \$38.9 million in deferred pension and health care expenses. The governor hasn't signed into law the legislature-approved redirection of casino taxes. The Atlantic City budget fully funds its annual requirements for settled tax appeals and was adopted in time for the mailing of fourth-quarter tax bills. The city reports that it will be able to make its \$11 million December 2015 debt service payment if it does not receive the anticipated redirected casino tax revenue.

We have determined, based solely on the developments described herein, that no rating actions are currently warranted. Only a rating committee may determine a rating action and, as these developments were not viewed as material to the ratings, neither they nor this report were reviewed by a rating committee.

Primary Credit Analyst: Timothy W Little, New York (212) 438-7999;
timothy.little@standardandpoors.com

Secondary Contact: Lisa R Schroeer, Charlottesville (1) 434-220-0892;
lisa.schroeer@standardandpoors.com