

MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 261-2014

LETTER TO COMMISSION

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: July 28, 2014

SUBJECT: Standard & Poor's Raises Miami Beach, FL General Obligation Debt Rating Two Notches to AA+

The purpose of this LTC is to advise you that Standard & Poor's Rating Services raised its rating on Miami Beach, FL general obligation debt two notches to AA+ from AA- based on the GO criteria released September 12, 2013 with a stable outlook.

The rating reflects Miami Beach's very strong local economy with projected per capita effective buying income at 151% of the national average. Additional factors included strong overall budgetary performance and very strong budget flexibility and liquidity with significant reserves. Based on past debt issuances, S & P believes that the City has exceptional access to capital markets to provide liquidity needs if necessary. Additionally, Miami Beach demonstrates strong financial practices and management. Strengths include detailed budget assumptions that take into account historical and current trends and needs; monthly monitoring of financial operations with results reported to the Commission on a quarterly basis; three year financial forecasts on General Fund operating revenues and expenses; a formal five year capital plan that is updated annually; a formal investment policy; and a reserve policy requiring the City to maintain an emergency reserve of at least 11% of the next year's operating budget and a contingency reserve of at least 6%.

S&P upgraded the City's rating from an AA- to an AA+ with a stable outlook, one level beneath AAA rating. S&P stated that the AA+ rating with a stable outlook is based on their opinion of the City's very strong economy and budget flexibility.

If you have any questions or need additional information, please feel free to contact me.

JLM/PDW


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