

FITCH RATES MONMOUTH COUNTY, NEW JERSEY'S \$30.6MM GO RFDG BONDS 'AAA'

Fitch Ratings-New York-19 February 2008: Fitch Ratings has assigned an 'AAA' rating to Monmouth County, NJ's (the county) approximately \$30,645,000 general obligation (GO) refunding bonds, series 2008. The bonds are scheduled to sell competitively on Feb. 21, with Public Resources Advisory Group, NY acting as financial advisor. The bonds are secured by the county's full faith and credit pledge and are payable from ad valorem taxes without limitation as to rate or amount. Bond proceeds will be used to refinance outstanding GO debt with an estimated net present value savings exceeding 3% of the refunded par. Fitch has also affirmed the following 'AAA' ratings:

Monmouth County, NJ
--\$355.7 million outstanding GO bonds.

Monmouth County Improvement Authority
--\$65.2 million GO county college, reclamation center and county guaranteed debt (all of which are self supporting).

The Rating Outlook is Stable.

The 'AAA' rating reflects the county's solid financial management resulting in continued strong operations and financial flexibility, stable growth in its wealthy tax base, and low direct debt levels with rapid amortization. The county continues to experience positive employment growth, and unemployment levels are well below the state average. Fund balances continued to grow in 2007 based on unaudited figures due to the county's conservative budget practices, expenditure controls, and healthy flow of revenue driven by an expanding property tax base. The county's capital plan has grown, but remains affordable, and although primarily bond-funded, debt levels should remain moderate given the county's conservative policies including rapid amortization rates.

The county is located along the northern Atlantic Ocean shore of New Jersey, 50 miles outside New York City. The 2000 census revealed an 11.3% population increase over that of 1990, and the 2005 estimate of 635,952 is on par with state growth trends. Wealth levels remain strong as demonstrated in the county's high market value per capita of \$200,212 in 2008, up 6.7% over last year following 14% growth from 2006 to 2007. While the health care and retail sectors still dominate private employment, strong gains in the real estate, wholesale and leisure and hospitality sectors are evident. The county's unemployment rate of 3.6% in December 2007 remains below the state and national averages, at 4.1% and 5%, respectively, although did grow from the December 2006 figure of 3.3%.

The face of the county's largest employers will change over the next few years with the planned closure of Fort Monmouth. The Fort Monmouth Economic Revitalization Commission, with local, state, and county representation, is exploring redevelopment options and Fitch Ratings believes the county's ability to withstand the base closure is strong as the economy is deeply diversified providing opportunities for the highly skilled displaced employees. In addition, demand for land in the area of Fort Monmouth is high. The 5,500 primarily civilian employees at the base represent a relatively small portion of the county's overall labor force, which totaled 333,048 in December 2007.

The county's financial position is strong, with 2006 unreserved fund balance at \$85.8 million, or 18.9% of expenditures. While the county realized a small surplus and the unreserved fund balance was still strong, it dropped as a percentage of spending from 19.4% in 2005. Despite consistent budgeting of reserves, surplus operations occur consistently supported by conservative budgeting and effective expenditure controls. Unaudited 2007 results indicate another surplus keeping the unreserved fund balance at a strong 17.8% of spending, although below the same ratio for 2006.

The county's wealthy property tax base has expanded steadily and remains primarily residential at 84%. With the revaluation of existing property and new construction property values continue grew at double digit rates through 2007, 2008 estimates show a slowing to an annual growth rate of 6.7%.

The county's direct debt burden is low at \$542 per capita and 0.29% of EV. Debt levels are more moderate on an overall basis, with debt per capita at \$2,943 and 1.57% of EV. Pursuant to county resolution, debt is amortized very rapidly, providing ample capacity in future years for continued capital investment. Amortization rates are comfortably above the 70% policy, with more than 93% retired in 10 years.

Contact: Jessalynn K. Moro +1-212-908-0608 or Amy R. Laskey +1-212-908-0568, New York.

Media Relations: Cindy Stoller, New York, Tel: +1 212 908 0526.

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