



Town of Yountville
"The Heart of the Napa Valley"

MEDIA RELEASE

FOR IMMEDIATE RELEASE

Date: Monday, July 14, 2008

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Subject: Town Receives "AA" Bond Rating from Standard & Poor's

The Town of Yountville has been informed by Standard & Poor's Rating Services that it has assigned the Town of Yountville its "AA+" issuer credit rating (ICR) to the Town of Yountville and its "AA" rating to the Town's proposed lease revenue bonds for the construction of the Community Center & Library project.

Of particular note, the S&P ratings analysts said the "AA+" issuer credit rating reflects:

- Strong local tourism-based economy with convenient employment access to the cities of Napa and Santa Rosa,
- Very high wealth and income levels,
- Exceptionally strong financial performance and policies and historical reserve levels, and
- Low direct debt as a percent of assessed value (AV) and a dedicated revenue stream from the Town's TOT to make lease payments associated with the bond issuance.

"This AA rating confirms that the Town has carefully crafted an extremely sound financial plan as the underpinnings of the construction of this project" stated a very pleased Mayor Cindy Saucerman.

Town Manager Steve Rogers express that "This rating clearly reflects the strong management, finances and economic stability of the Town." The S&P rating noted that "Financial performance is extremely strong, with exceptional management policies and a consistent record of operating surpluses resulting in healthy general fund balances.

The Town's management practices are considered "strong" under Standard & Poor's Financial Management Assessment (FMA). An FMA of 'strong' indicates that practices are strong, well embedded, and likely sustainable. Key features of the town's polices include formal financial, investment, and debt management policies. Financial planning and oversight include monthly financial and investment reporting to the Town Council, 10-year financial forecasts, and a minimum operating reserve of \$825,000 which is roughly 16% of the expenditures of the Town net transfers. Long-term-capital planning includes a comprehensive capital plan with identified funding sources that is updated annually. The Town uses various sources to derive its budget assumptions, including regular independent studies monitoring TOT and sales tax, county property tax estimate, and state revenue forecasts. The Town has a written investment policy and currently invests all funds with the Local Agency Investment Fund. The debt management policy states, among other things, that debt service cannot exceed 25% of general fund revenues and issuance is limited to one-time capital projects.

"This rating puts the Town among the highest rated cities and counties in the State and should open up the financing to a significantly wider universe of potential buyers" noted David Liefer of KNN Public Finance.

END

Standard & Poor's contact information:

www.standardandpoors.com/ratingsdirect