2021 Year-End Summary

Town of Yountville

"The Heart of the Napa Valley"

THE TOWN OF YOUNTVILLE, CALIFORNIA

An In-Brief Presentation of the Town's Debt Profile

Columbia Capital Management, LLC

Innovative Solutions. Proven Results.

Columbia Capital Management, LLC
6700 Antioch
Suite 250
Merriam, Kansas 66204
V 913.248.8500
F 913.248.8900

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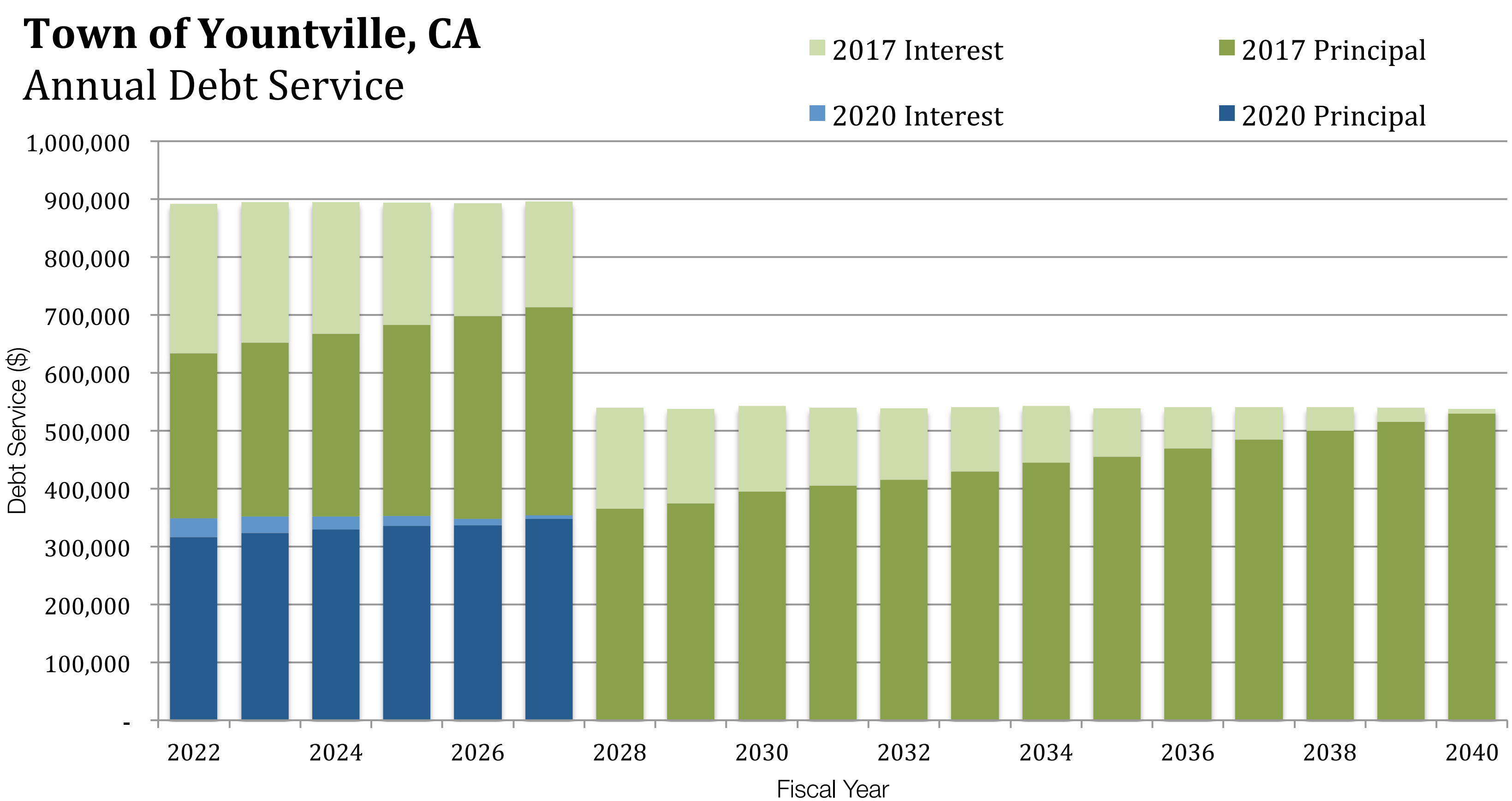
Summary of Outstanding Transactions

Series	Security	Dated Date	Original Par	Par Outstanding	Purpose	Tax Status	Final Maturity	Reserve Fund	Call Provision
2017	Lease Revenue (Annual Appropriation)	10/24/17	8,500,000	7,725,000	To advance refund the 2008 Lease Revenue Bonds.	Bank Qualified	12/1/39	No	Par call on 12/1/25
2020	Lease Revenue (Annual Appropriation)	6/3/20	2,303,000	1,991,000	To refund the 2013 Lease Revenue Bonds.	Bank Qualified	6/1/2027	No	Non-Callable

Outstanding Debt Service Profile

Fiscal Year End. 6/30	Series 2017			Series 2020			Total Debt Service
	Principal	Principal	Principal	Principal	Interest	Net Debt Service	
2022	285,000	285,000	285,000	316,000	33,051	349,051	891,694
2023	300,000	300,000	300,000	324,000	27,805	351,805	894,824
2024	315,000	315,000	315,000	330,000	22,427	352,427	895,070
2025	330,000	330,000	330,000	336,000	16,949	352,949	894,467
2026	350,000	350,000	350,000	337,000	11,371	348,371	892,890
2027	360,000	360,000	360,000	348,000	5,777	353,777	895,946
2028	365,000	365,000	365,000	-	-	-	539,691
2029	375,000	375,000	375,000	-	-	-	538,313
2030	396,000	396,000	396,000	-	-	-	542,913
2031	405,000	405,000	405,000	-	-	-	539,950
2032	415,000	415,000	415,000	-	-	-	538,663
2033	430,000	430,000	430,000	-	-	-	540,988
2034	445,000	445,000	445,000	-	-	-	542,863
2035	455,000	455,000	455,000	-	-	-	539,363
2036	470,000	470,000	470,000	-	-	-	540,488
2037	485,000	485,000	485,000	-	-	-	540,859
2038	500,000	500,000	500,000	-	-	-	540,469
2039	515,000	515,000	515,000	-	-	-	539,609
2040	530,000	530,000	530,000	-	-	-	538,281
Total	**7,725,000**	**2,553,959**	**10,278,959**	**1,991,000**	**117,379**	**2,108,379**	**12,387,338**

Outstanding Debt Service Profile



Calendar Year Bond Balance Schedule

Calendar Year	Series 2017 Principal	Series 2017 Bond Balance	Series 2020 Principal	Series 2020 Bond Balance
2022	300,000	7,140,000	316,000	1,675,000
2023	315,000	6,825,000	324,000	1,351,000
2024	330,000	6,495,000	330,000	1,021,000
2025	350,000	6,145,000	336,000	685,000
2026	360,000	5,785,000	337,000	348,000
2027	365,000	5,420,000	348,000	-
2028	375,000	5,045,000		
2029	395,000	4,650,000		
2030	405,000	4,245,000		
2031	415,000	3,830,000		
2032	430,000	3,400,000		
2033	445,000	2,955,000		
2034	455,000	2,500,000		
2035	470,000	2,030,000		
2036	485,000	1,545,000		
2037	500,000	1,045,000		
2038	515,000	530,000		
2039	530,000			
Total	7,440,000		1,991,000	

Refunding Analysis

Columbia has conducted a review of the Town's outstanding debt and currently there are no refunding opportunities available. The closest call provision is the Town's Series 2017 Bonds which are callable at par on December 1, 2025. Columbia will continue to monitor the market for refunding opportunities and notify the Town as appropriate.

Annual Municipal Market Summary

2021

Municipal Market Year In Review

10-yr ‘AAA’ MMD Rate	31bp ↑
10-yr U.S. Treasury Rate	59bp ↑
Total Long-term Borrowing ($)	1.9% ↓
Refunding Borrowing ($)	26.4% ↓
New Money Borrowing ($)	14.4% ↑

Q1 Bright spots emerge as vaccination rollout begins

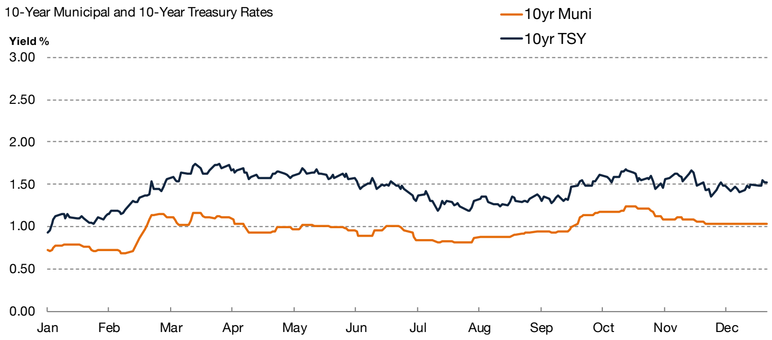
The year 2021 began with the continued fallout from the spike in COVID cases that had begun in late 2020. Restrictions on activity and stay-at-home orders resulted in an increase in unemployment insurance claims in early January, a reversal of the months-long trend of decreasing claims.

However, as the quarter progressed bright spots began to emerge across the United States economy. The improvement in conditions, and the outlook for future growth, was driven by the vaccination rollout that began to gain steam in the quarter. In mid-January, the 7-day rolling average of vaccine doses administered in the United States crossed 1 million. At the end of February, over 2 million doses were being administered daily, and by the end of March the daily doses exceeded 3 million.

Economic data began to reflect the optimism of a reopening of the economy. Retail sales were strong in January as stimulus checks were received and personal income increased 10%. February expenditure data showed the first signs of inflation, a theme that would continue throughout the year.

Interest Rate Movement

10-Year Municipal and 10-Year Treasury Rates



Source: Federal Reserve and Municipal Market Benchmark Rates

The data showed a combination of factors as the underlying forces driving the increase in inflation. Demand began to increase as the population became vaccinated and restrictions began to ease on in-person activities. Simultaneously, supply chain disruptions increasingly restricted the amount of goods available. These disruptions ranged from a shortage of semiconductors, to lockdowns at Chinese factories to prevent the spread of COVID, to a massive backup of container ships at ports across the United States. Furthermore, in March, the Suez Canal, one of the main trade routes from Asia to the West, was blocked for nearly a week when the *Ever Given* cargo ship ran aground.

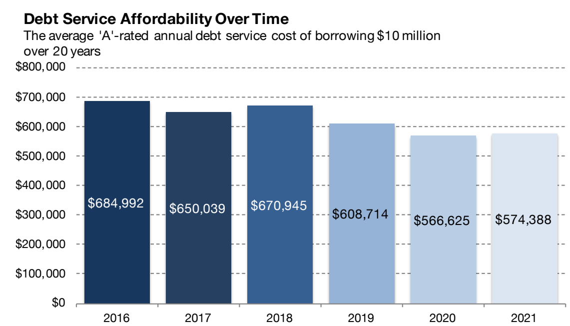
In March, Congress passed the American Rescue Plan Act of 2021 ("ARPA") to provide additional stimulus relief. The $1.9 trillion package included funds for state and local governments, schools and higher education, transportation and infrastructure, direct stimulus payments, and other aid. The funds for local governments totaled $120.2 billion and payments would be made in two parts, one in 60 days and a second one year later. The Act gave significant latitude in the use of funds stating that should be used to respond to the public health emergency and to offset negative economic impacts.

United States GDP growth for the quarter was 6.3%, and brought overall economic activity to 91% of pre-pandemic levels. Retail sales grew 9.8% in March, the second-best reading in history, and consumption expenditures contributed 7.44% to headline GDP. Fixed investment also contributed to growth both from nonresidential and residential. Headline GDP growth would have been even larger but for a drag from inventories as they subtracted 2.62% from the overall growth rate.

Labor markets also began to improve during the first quarter. Unemployment insurance claims reversed the increases of early January and began to fall as the quarter progressed. Nonfarm payrolls averaged monthly growth of 518,000 employees for the quarter, and the unemployment rate fell to 6.0% from 6.3% at the beginning of the year. Much of the decrease in the unemployment rate was a result of workers leaving the workforce. Businesses reported difficulty finding workers and upward pressure on wages began to appear.

Globally, economic activity was weak. China saw GDP growth of 18.3% for the quarter, but this was below expectations. The Eurozone saw a decrease in Q1 GDP of 0.6%, and U.K. GDP declined 1.5%. Japanese GDP contracted 5.1% as more stringent restrictions continued to be enforced throughout the country.

The Federal Reserve's Open Market Committee ("FOMC") met in January and March, but made no changes to policy at either meeting.



Source: Municipal Market Benchmark Rates

Fixed income markets experienced a rapid increase in yields during the quarter. Treasury rates began to increase rapidly in February as the market reacted to inflation concerns. For the quarter, the 10-year Treasury increased from 0.93% to 1.74%, the highest rate since January 2020. The 10-year MMD rate only increased 40 basis points during the quarter to 1.12% from 0.72%, which continued the trend of the decoupling of the relationship between the municipal market and the Treasury market.

Even with an increase in rates, municipal issuers took advantage of near historic lows, and long-term municipal issuance totaled $112.8 billion for the quarter, an increase of 18.4% as compared to the first quarter of 2020. On the demand side, municipal mutual fund flows continued the trend of inflows that began in May 2020, and totaled $26.1 billion for the quarter.

Q2 Supply constraints, and surge in demand, limits growth

There was optimism for a surge in economic growth as a result of a full re-opening as the second quarter began, and economic data did continue to improve both in the United States and globally. However, the twin factors of supply constraints and a surge in demand filtered throughout almost every part of the economy, and would impact activity the balance of 2021.

GDP increased 6.7% during the second quarter, and overall economic activity surpassed pre-pandemic levels. Growth continued to be driven by the consumer, but this quarter saw a shift to a demand for services from goods as restrictions continued to be relaxed across the country. Supply constraints again resulted in a decline in inventories, and limited GDP growth.

Labor markets also improved throughout the quarter and averaged monthly growth of 615,000 employees. The leisure and hospitality industries saw increases which followed the theme of re-opening and demand for services. But again, supply constraints, this time a shortage of workers, produced results below expectations. In May, data showed an increase in earnings as wage pressures pushed through as business attempted to attract workers.

Robust demand for housing, low interest rates, and, again, a constraint on supply, saw home prices continued to climb during the quarter. Sales of both new and existing homes would have been stronger but the lack of inventory limited growth. Input prices, particularly lumber, saw significant increases early in the quarter, but began to moderate as sawmills, both in the United States and Canada, came back on line in May and June.

The twin factors of supply constraints and demand increases were most visible in the inflation data during the quarter. The CPI increased 0.8% in April, 0.6% in May, and 0.9% in June. The April and June readings were the highest since June 2009.

Much of the discussion around the inflation data centered on whether the increases could be classified as transitory, and if they would decrease as the economy returned to a more normal state. A significant portion of the increases were a result of price increases for new and used cars, airfares, hotels, and car rentals, but increases began to broaden to other categories such as food and housing.

Global economic conditions began to improve after lagging the United States for much of the pandemic. The Euro area saw GDP growth of 2.0% in the second quarter, and growth in the U.K. was 5.5%. The difference in performance was primarily due to the restrictions still in place on the continent as vaccination rates were below that of the U.K. GDP growth in China was 7.9% for the quarter, but this was below expectations, and was primarily a result of weak consumer demand.

The FOMC met in April and June, and no changes were made to monetary policy at either meeting. However, at the April meeting there was the first hint of a potential taper to the bond buying program as a response to the growth in inflation. At the June meeting, the economic projections showed that many committee members pulled forward their expectation for the beginning of increases to the federal funds target rate.

Fixed income markets saw rates decrease during the quarter. The 10-year Treasury rate fell 24 basis points to 1.45%, and the 10-year MMD fell 12 basis points to 0.99%.

Municipal long-term issuance was $122.2 billion during the quarter, an increase of 6.24% as compared to Q2 2020, and for the year issuance was up 11.7% as compared to the first half of 2020. Fund flows to municipal funds continued their positive streak and totaled $23.4 billion for the quarter.

Q3 Delta variant emerges

The emergence of the Delta variant of COVID-19, and the resulting spike in positive cases, slowed the economic recovery. In addition, supply constraints continued to impact production, retail sales, housing, and labor markets.

Positive cases began to increase rapidly in early July as the Delta variant became widespread. However, restrictions on economic activity were not nearly as stringent as during previous spikes. There was a pullback in consumer demand and activity, but this did allow production to catch up with demand and helped to alleviate some of the supply constraints.

Overall, GDP growth in the United States was 2.1% during the third quarter. Consumption activity continued to help lead economic growth, and contributed 1.18% to headline GDP. However, there was a significant shift away from goods to services. This was not a surprise as retail sales data had been weak throughout the quarter as prices rose and the supply of goods continued to be a challenge. In addition, the summer period coincides with vacations and other leisure and hospitality activities that are primarily service-based. Goods consumption fell and subtracted 2.11% from headline GDP, as opposed to consumption of services which contributed 3.29%.

Inventories were also a bright spot during the third quarter. The pace of their decline slowed, and this resulted in a contribution to GDP of 2.13%. This growth helped to offset decreases in fixed investment and net exports.

It was much of the same story for housing as demand remained robust, but supply was constrained by the lack of inventory of existing homes and the ongoing shortages of materials needed for new construction. The rise in prices did force some potential buyers to the sidelines, but low interest rates and income growth helped to offset upward price movement.

Nonfarm payrolls increased by 1,091,000 employees in July. Over half of the increases were attributed to leisure and hospitality workers. Wage gains were strong as well as supply constraints resulted in employers having to increase wages in order to attract workers. Payroll increases were not as strong in August and September due to the lack of supply of workers. Unemployment insurance claims continued to trend downward and the unemployment rate was 4.8% at the end of the quarter.

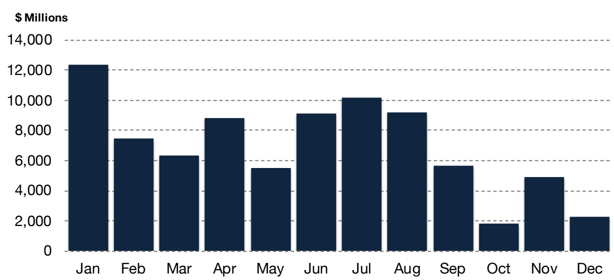
Inflation data continued to show increases during the quarter, and by September prices across a broad range of categories including food, shelter, and energy were moving higher. Year-over-year growth was 5.4%, and the calls for action by the Federal Reserve began to get louder.

The FOMC made no change to monetary policy during the quarter, but during the September meeting the announcement included language that a taper of the asset purchase program "may soon be warranted."

Globally, economic activity and growth were muted as governments reacted to an increase in COVID-19 cases. Growth in China dipped to only 4.9% as outbreaks resulted in stringent restrictions on activity. The U.K. had growth of only 1.1%, and the EU reported GDP growth of 2.2%. The central bank of Norway did become the first developed economy to raise interest rates in September, and several Latin American countries also raised rates in an attempt to control inflation pressures.

Municipal Bond Fund Flows

2021 Monthly Net Mutual Fund Flows



Source: Investment Company Institute

Fixed income markets saw rates move lower early in the quarter as there was a flight to quality as the Delta variant emerged, but by the end of quarter rates had increased. The 10-year Treasury increased by four basis points to 1.52%, and the 10-year MMD increased sixteen basis points to 1.14%.

The municipal market continued to have strong supply and demand fundamentals in the third quarter. Long term issuance was $125.9 billion, a decrease of 12.9% as compared to the third quarter of 2020 when issuance surged post-lockdown, but an increase as compared to the second quarter of 2021. Municipal mutual fund inflows continued their positive streak and totaled over $25 billion during the quarter.

Q4 Omicron appears and inflation continues to increase

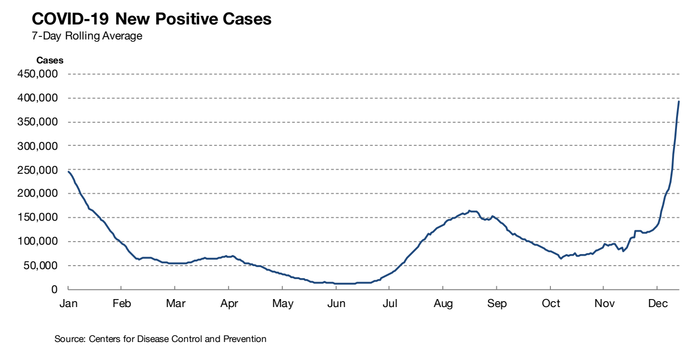
The surge in COVID-19 cases due to the Delta variant had subsided as the fourth quarter began, but the emergence of a new variant that began in South Africa, Omicron, in November spread uncertainty throughout markets.

By the end of the year, data showed that while Omicron was extremely contagious, the symptoms were not as severe as those from the Delta variant. The number of cases put a strain on health care infrastructure and economic activity as many were forced to isolate after positive tests, but it appeared that the impact would be milder than previous surges.

Overall, the economic story remained much of the same during the fourth quarter. The supply of goods, materials, and workers continued to be constrained by a variety of factors. Strong demand for services and housing persisted, but data did show a pullback in the demand for goods at the retail level.

The ISM survey of the service sector recorded its highest readings ever in October and November as this area of the economy continued to rebound. The survey of manufacturers also showed expansion, but the pace slowed primarily due to shortages of material and workers, and the impact of rising prices. The December report did show that price pressures had begun to moderate at the end of the year.

Retail sales grew in October, and reflecting the largest increase since the last round of stimulus checks in March 2021. However, as the quarter continued it became clear that consumers had accelerated their holiday spending in anticipation of goods shortages in November and December. The November and December data showed a decrease in retail spending. In addition to pulling spending forward, consumers also were impacted by the rise in prices.



Inflation continued to be a dominant story in the fourth quarter. The CPI increased by 0.9% in October, 0.8% in November, and 0.5% in December. Price increases were broad based and covered nearly every category in the survey. The general consensus from forecasters was that inflation would continue to show increases throughout 2022 before normalizing in 2023.

There are three major sources of labor market data tracked regularly by markets. The first is unemployment insurance claims which is aggregated by reports from each state as workers file for unemployment each week. This data source gives an immediate snapshot of labor markets on a week-to-week basis. During the fourth quarter, claims fell to under 200,000, which was in line with pre-pandemic data.

The second and third labor market data sources are both surveys collected by the Bureau of Labor Statistics. The survey that provides nonfarm payroll data is a survey of businesses, while the survey that provides the unemployment rate is a survey of households. Most often these surveys are generally in-line, but there are times when there are differences in the magnitudes.

During November and December, the data showed a divergence in the survey results. Nonfarm payroll growth was weaker than expected in both months with employers adding only 249,000 jobs in November and 199,000 in December. However, the household survey showed a much tighter labor market as the participation rate increased and the unemployment rate fell to 3.9%.

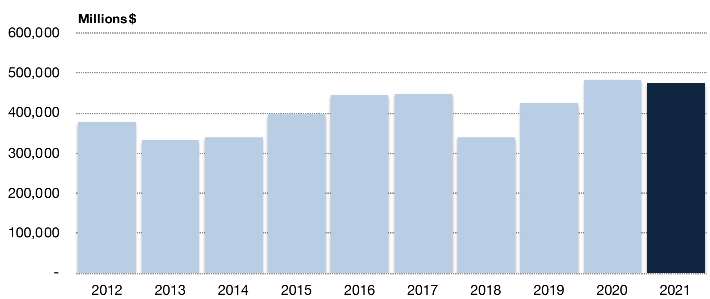
The relative strength of the labor market is important to track because it helps to inform the potential path of Federal Reserve policy. The Federal Reserve has a dual mandate to foster economic conditions that provide for stable prices and maximum employment. The inflation data during much of 2021 was clearly showing prices rising, and therefore the Federal Reserve was waiting on labor markets to normalize before adjusting monetary policy.

At the November meeting of the FOMC, the Committee's statement acknowledged that prices were above the long-term goal, and that labor markets had improved, and therefore it was appropriate to begin a taper of the asset purchase program. Beginning in December, Treasury purchases would be reduced by $10 billion each month and mortgage-backed securities purchases would be reduced by $5 billion each month. At the December meeting, in response to continued inflation pressures and improvements to the labor market, the Committee announced the pace of the taper would double to a monthly reduction of $20 billion for Treasury purchases and $10 billion for mortgage-backed securities. This would mean that by March 2022 monthly purchases of both categories would be zero, ending so-called "quantitative easing."

The December meeting of the FOMC also had the Committee provide their economic projections. These projections showed three increases of the federal funds target rate in 2022 and a total of eight by 2024. Market data showed that the expectation was for the first increase to occur in March 2022, once the taper program had completed.

Globally, economic conditions were weaker than in the United States. Data from China showed a continued slowdown as economic restrictions were much more severe than in other parts of the world. The Eurozone and the U.K. showed slowing prior to Omicron, and additional restrictions that were put in place were likely to result in a further slowdown in activity. Canada was a bright spot as economic data was much more positive than in other countries.

Primary Market Supply
Long-term issuance was just of the all-time record.



Source: Bond Buyer

Fixed income markets responded to the policy path of the Federal Reserve and yields moved up as the year ended. The 10-year Treasury ended 2021 at 1.52% an increase of 59 basis points for the year, and the 10-year MMD increased 31 basis points during 2021 to 1.03%.

Long-term municipal issuance for 2021 was $475 billion, just shy of the all-time record of $484 billion from 2020. Taxable issuance totaled $118 billion for the year, the third highest on record behind 2020 and 2010 during the subsidy era. Issuers were able to take advantage of historical low rates for much of the year, and as rates began to increase at the end of the year there was an increase in the use of forward-delivery transactions to lock in low rates in anticipation of increases in 2022. Fund flows to municipal mutual funds continued to be positive in the fourth quarter, and for the year totaled $83.6 billion.

Postscript Market Shows Signs of Believing the Fed is Serious

In the first two weeks of the new year, markets showed signs of belief that the Fed was serious about aggressive moves to combat inflation. Treasury rates rose 18 basis points to 1.70% at the 10-year and 15 basis points to 2.05% on the 30-year between January 2 and January 13, 2022. Municipal rates followed, with the 10-year and 30-year benchmarks rising 15 basis points each to 1.18% and 1.64%, respectively, over the same period.

With a number of Wall Street banks now forecasting four increases to Fed Funds in 2022, the prospects for higher investment returns for local governments in 2022 is better. Unfortunately, municipal debt issuance could be more challenging. Normally a very strong market each year, January has seen tentative buyers and limited supply providing few clues as to the direction and tone of the market. While municipal rates could be headed to higher levels from a secular perspective, we also saw rates increase significantly in the first quarter of 2021, only to trend back toward historic lows over the course of the year.