



City of Placentia

Press Release

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PLACENTIA'S CREDIT RATING INCREASES INDICATING CONTINUED IMPROVEMENTS IN FINANCIAL MANAGEMENT

PLACENTIA, CA – The City is pleased to announce Standard & Poor's (S&P) Global Ratings has raised its credit issuer rating from 'A-' to 'AA-' with a 'stable outlook.' S&P is a leading provider of transparent and independent credit ratings worldwide. This is a triple-notch increase from the City's previous credit rating of 2020.

The City's S&P issuer credit rating is a forward-looking opinion about the City's overall creditworthiness and focuses on the City's capacity and willingness to meet its financial commitments. The City's issuer credit rating category of 'AA-' demonstrates S&P's belief that the City has a strong capacity to meet its financial obligations. The 'stable outlook' reflects S&P's view that the City has continued to make strides in improving its credit quality. The City has also now surpassed its reserve fund goal of 25%, and its available reserve is at 43%.

"This rating upgrade demonstrates that investors recognize that Placentia continues to move in a positive direction and that the City's financial future is bright. In addition, this positive credit rating review paves the way for the City to obtain even lower financing rates for future large-scale projects throughout the City, benefiting our taxpayers for years to come," said City Administrator Damien Arrula. "This unprecedented achievement is a clear reflection of Wall Street's confidence that the City is making the right decisions and delivering on our financial commitments."

"These S&P upgrades are great news for the City as they affirm that we are taking the right steps to improve the City's general obligation credit," said Finance Director Jennifer Lampman. "The upgrade is the product of the City striking the right balance between financial responsibility and investing in the City as we continue to create new economic opportunities, build our reserves, and invest in new projects."

"I could not be prouder of the hard work that the City has put in over the last few years to get us to this point. It hasn't always been an easy road, but the City Council and our City staff continue to meet these challenges head-on with new and innovative ideas that are getting us where we want to be," said Mayor Rhonda Shader. "It truly is a testament to our dedication to the City's strengthened financial policies, prudent fiscal management, and commitment to moving Placentia forward."

In its Rating Action Summary, S&P stated, "Despite the challenges of the COVID-19 pandemic and associated recession, the City has performed well during the past two years and generally maintained financial discipline as we previously anticipated. In particular, aggregate sales tax revenue--combined general sales tax and Measure U sales tax--in fiscal 2021 outperformed the City's budgeted amounts. Coupled with this strong revenue performance is management's discipline in applying its reserve policy, which specifies allocations and uses for new revenue streams, including Measure U sales tax revenue."

In addition to the issuer credit rating, S&P also assigned a new rating and upgraded multiple issue ratings for the City, including:

- Upgraded the Certificates of Participation from a 'BBB+' to 'A+' (three notch increase)
- Upgraded the long-term rating and underlying rating on the Placentia Public Finance Authority Lease Revenue Bonds from 'BBB+' to 'A+' (three notch increase)

"As a longtime advisor to cities and to Placentia, it is so gratifying to see the City achieve this three-notch rating credit rating upgrade, which is a rare event in the world of public finance. This amounts to recognition by S&P of the leadership and steady financial policies of the City Council along with the City staff's follow-through and timely execution over the past years," said Larry Kosmont, President of Kosmont Transactions Services.

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