



# Bond Rating Upgrade

Napa Sanitation District  
Board of Directors Meeting  
February 1, 2017



# Rating Upgrade

Increase from

**AA-** to **AA**

Outlook: **Stable**



# Rationale for Upgrade

- Strong debt service coverage
- “Pre-approved” rate increases to 2021
- Detailed long-term planning



# Rationale for Upgrade

## Enterprise Risk

- Industrial Risk – “1”
  - Stable, primarily residential, diverse customer base
  - Manageable 10-year Capital Plan
- Management Assessment – “2”
- Affordable rates



# Rationale for Upgrade

## Financial Risk

- Financial Management Assessment – “1”
- Financial Performance:
  - “Extremely strong debt service coverage”
  - Liquidity position
  - Debt-to-Capitalization ratio



# Outlook: Stable

## **Upside Scenario:**

Consider raising if manage capital needs while increasing cash reserves to “extremely strong” level

## **Downside Scenario:**

Consider lowering if debt service coverage and liquidity were to deteriorate

# Questions?

		<b>CREDIT RATINGS*</b>		
		MOODY'S	STANDARD & POOR'S	FITCH
INVESTMENT GRADE	STRONGEST	Aaa	AAA	AAA
	↓	Aa	AA	AA
		A	A	A
		Baa	BBB	BBB
NON-INVESTMENT GRADE	↑	Ba	BB	BB
		B	B	B
		Caa	CCC	CCC
		Ca	CC	CC
		C	C	C
	WEAKEST	C	D	D

\* These credit ratings are reflective of obligations with long-term maturities.