



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?

CREDIT RATINGS*

		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
	↑	C	D	D
	WEAKEST			

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