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Standard & Poor's Gives High Marks to Orinda City Leaders for Management Practices

By Laurie Snyder

Representatives from Standard & Poor's, one of the world's Big Three credit rating agencies, gave verbal high fives to Orinda city leaders during a conference call Feb. 24. That call was scheduled in preparation for the city's sale of \$10 million in general obligation bonds to help repair Orinda's infrastructure. (See "Orinda Authorizes Multimillion-Dollar Measure J Bond Sale" in the Lamorinda Weekly's online archives.)

Orinda City Manager Janet Keeter gave the news to the Orinda City Council at its March 17 meeting as part of her update regarding the sale's progress. Orinda was not only awarded the coveted AAA bond rating city leaders had hoped for, but also garnered reaffirmation of its AA+ rating for its certificates of participation, according to Keeter. S&P representatives also took the highly unusual step of explaining why they were issuing such high ratings. Noting that "Orinda's local economy is very strong," the S&P representatives called Orinda's budgetary performance strong and its budgetary flexibility "very strong." They also commended Orinda's "very strong liquidity, which supports Orinda's finances," and noted that "Orinda's management conditions are strong with good financial practices," said Keeter. Those practices "include the strong oversight of budget to actual results during the year, long-term capital and financial planning and investment management policies."

As for the bond sale, the official statement was posted on the city's website after Orinda received its S&P rating. The \$10 million in Measure J bonds were snapped up by roughly 30 local asset managers, individual investors and small institutions, and the city's underwriter also underwrote about 25 percent of the bonds for likely sale to additional individual investors. The bonds' overall interest rate was set at 2.88 percent - "similar to an APR for a home loan," said Keeter.

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