



From the Office of the City Manager

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PRESS RELEASE

FOR IMMEDIATE RELEASE

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Pismo Beach Receives Highest Bond Rating Possible from Standard & Poor's as a Reflection of its Strong Management and Financial Position and Results in Very Low Interest Rate

As part of the recent lease-revenue financing of the Pismo Beach Rehabilitation Project, The City of Pismo Beach has received a "AA+" credit rating by Standard & Poor's, the highest possible rating that can be given for this type of financing. S&P's vote of confidence is based on the City's strong economy, strong management, and excellent financial position. The rating resulted in a very low total borrowing cost of 3.53% on \$7.68 million. The rating and low rate is a testament to the City's solid finances and top-notch financial policies set by the Pismo Beach City Council and staff. The high rating and low interest rate translate into lower borrowing costs and debt service for the City.

The bonds are being used to finance the City's Pier Rehabilitation Project. The City Council chose to finance the project to both capitalize on historically low interest rates, and to spread the cost of the project to the future generations that would enjoy the pier.

The "AA+" rating is the highest rating achievable for a lease credit, which translates to an implied "AAA" rating. The rating is a significant upgrade from the City's last implied rating. S&P cited several aspects that demonstrate the City's strong financial position and excellent credit, including the City's:

- Very strong local economy
- Strong management with good financial policies and practices
- Very strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level
- Very strong budgetary flexibility
- Very strong liquidity
- Low debt profile

"We are very proud to receive the 'AA+' credit rating, which affirms that S&P recognizes the significant financial achievements that the City of Pismo Beach has realized through the combined leadership of the City Council's fiscal policies and staff's sound financial management. This is a team effort and we are grateful to all who have played a part in achieving this recognition to reduce borrowing costs and save taxpayer costs," states City Manager, Jim Lewis.

Construction on the pier has already begun. Pismo Beach residents and tourists will be able to enjoy the newly refurbished pier starting July 2019! Progress on the pier project can be viewed at pismo beach.org.

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