
PRESS RELEASE

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Standard & Poor's Raises Clarkdale Bond Rating

Clarkdale, AZ (August 23, 2013) – The Town of Clarkdale was notified on August 23, 2013 that Standard & Poor's Ratings Services has raised the bond rating for the Clarkdale Municipal Property Corporation's excise tax revenue bonds. The bond rating, issued for the Town of Clarkdale, was raised from "A" to "AA".

"The raised rating reflects our view of the closure of the three largest pledged revenue streams, which ensures that no additional parity debt will be issued on these three sources of pledged revenues," said Standard & Poor's credit analyst Kate Burroughs.

According to Standard & Poor's, the rating further reflects their opinion of:

- Extremely strong maximum annual debt coverage by pledged revenues;
- The bonds' short amortization period, with final maturity in 2016;
- The town's moderately concentrated tax base; and,
- The town's small, limited local economy that is centered on tourism and manufacturing, which has nevertheless generated good revenue performance.

"We are obviously very pleased with Standard & Poor's decision to upgrade our bond ratings. As most people are aware, the Town of Clarkdale was forced to make some very difficult financial decisions over the past 5 years. Taking action early, closely managing expenses, and maintaining proper debt coverage throughout this period have positioned us well to move into the future. We've always been conservative in Clarkdale, and our upgraded rating shows that our philosophy is bearing fruit," stated Clarkdale Mayor Doug Von Gausig.

Added Town Manager Gayle Mabery, "As S&P noted, Clarkdale does have a small, limited local economy. When our revenue streams dropped significantly over the past five years, we had to cut expenses by a commiserate amount in order to make certain that we could not only continue to provide basic services, but also cover our outstanding debt obligations. Our Finance Director, Kathy Bainbridge, has done a great job working with our Town Council throughout the year on budget and finance issues. One of our Town

Council's strategic initiatives is to ensure financial sustainability for Clarkdale, and we continue to make progress towards that goal year-after-year.”

Standard & Poor's issues the following general criteria for understanding their rating definitions for Long-term issuer credit ratings:

- AAA – An obligor rated ‘AAA’ has extremely strong capacity to meet its financial commitments. ‘AAA’ is the highest issuer credit rating assigned by Standard & Poor's.
- AA – An obligor rated ‘AA’ has a very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
- A – An obligor rated ‘A’ has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
- BBB – An obligor rated ‘BBB’ has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
- BB, B, CCC, and CC: Obligors rated ‘BB’, ‘B’, ‘CCC’ and ‘CC’ are regarded as having significant speculative characteristics. ‘BB’ indicates the least degree of speculations and ‘CC’ the highest. While such obligors will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

For further information, contact Finance Director/Town Clerk Kathy Bainbridge at (928) 639-2400 or email Kathy.Bainbridge@clarkdale.az.gov