



Finance Department

To: The Media
From: Jim Bonamy, Finance Director
Date: May 28, 2008
RE: Grand Haven City's bond rating improves from AA- to AA.

Press Release

Grand Haven City's bond rating improves from AA- to AA.

Standard and Poor's, a national financial rating agency, has placed its AA rating on the City of Grand Haven's \$9,400,000 in unlimited tax general obligation bonds to be issued in early June. They have also upgraded three earlier bond ratings from AA- to AA as well.

These positive "stable" ratings reflect the City's access to the Muskegon, Holland and Grand Rapids employment areas, consistent tax base growth, City Council interest and direction on infrastructure projects in recent years and conservative management which has resulted in positive financial operations.

"Grand Haven's improved rating will increase investor confidence in the City's bond sales in June. That should cause the interest rate to be paid on the bonds to be lower, reducing the overall cost of the financing for the taxpayers," notes Jim Bonamy, the City's Finance Director.

The bond funds will be used for infrastructure projects including reconstruction and replacement of water and sanitary sewer lines, street surface reconstruction and storm sewer repair. The debt service will be paid by a millage levy of approximately 1 mil starting in the summer of 2008 and continuing for each of the next 20 years. This millage will cover both principal and interest on the bonds.

In November 2007, Grand Haven voters passed a 1 mill levy for 20 years to finance the bonds. The millage vote was recommended last summer by the City's Infrastructure Task Force, an ad hoc committee formed by the City Manager including city residents, City Council members and financial, engineering and legal experts. City Council reviewed the recommendation and placed the millage on the ballot.

"This is a significant and positive achievement in a state where the economy is challenged on so many fronts. Grand Haven remains a strong, viable community," said Bonamy. "This is the kind of good report that will benefit the citizens and visitors to Grand Haven for decades to come."