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PRESS RELEASE

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Standard and Poor's Assigns "A+" Rating to City of Kenner Bond Issue

Kenner has received an A+ rating from Standard & Poor's for the sales tax bond issue being refinanced to raise \$29 million for beautification and safety enhancements at critical corridors throughout the city, making it possible for at least \$3 million in additional beautification projects.

"This is great, great news," said Kent Schexnayder, senior vice president for Sisung Securities, Corp, financial advisors to the city.

The highest possible rating from S&P is AAA, and there are no governments with that rating in the state, Schexnayder said. For example, Jefferson Parish Sales Tax bonds enjoy an A+ rating from Standard and Poor's.

A city's rating is similar to the way credit scores affect the ability of homeowners to borrow money. The higher the credit score, the lower the cost to borrow. With municipal bond issues, the better the rating, the lower the debt costs.

"It is just huge for Kenner to obtain an A+ rating on their sales tax issue," Schexnayder said. "We think that the investment community will look at this bond issue very favorably."

Because of the high rating, the city may not have to provide a debt service reserve fund with cash from the bond issue. Investors feel more comfortable when a bond issue includes a reserve fund with the ability to pay for a year of debt service on the bond issue. However, Kenner can instead get an insurance policy without having to put up the cash for the debt service reserve fund, Schexnayder said.

That means \$3 million or more could be available on top of the \$29 million and could be used for additional projects. "We won't know exactly how much money Kenner can save until we get quotes from bond insurers, but we expect it will be upwards of about \$3 million. That is substantial."

"It's good to know that our conservative approach to operating the city of Kenner has been recognized by no less an expert than Standard & Poor's," said Kenner Mayor Michael Yenni. "Because of this excellent credit rating, we have the chance to add even more beautification projects, and that can only further enhance the city in the eyes of potential new residents and businesses when this work is completed."

Kenner is refinancing a 2003 sales tax issue that is set to expire in five years. The money from the refinancing will also pay off the old bonds, which had a 4.42 interest rate, in addition to providing money for the beautification work. The new bonds, which will be issued for 20 years, will have a rate closer to approximately 3.25 percent. Because of the lower interest rate and the longer period of time to pay off the bond issue, the amount taxpayers pay each year will remain the same.

The projects are located in all parts of the city and focus on beautification as well as pedestrian enhancements, lighting, bicycle paths and some traffic and drainage improvements. The 10 projects are part of the Kenner 2030 strategic plan, an initiative spearheaded by Mayor Yenni and designed to make Kenner a destination location for young families and businesses.

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